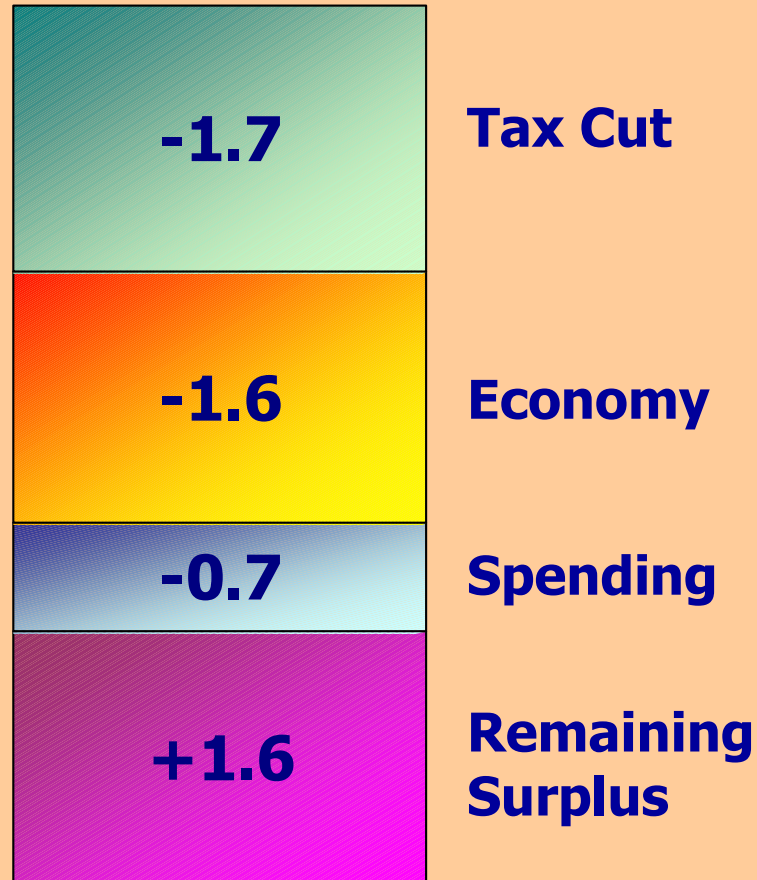


10-Year Surplus “Estimates” Drop Sharply

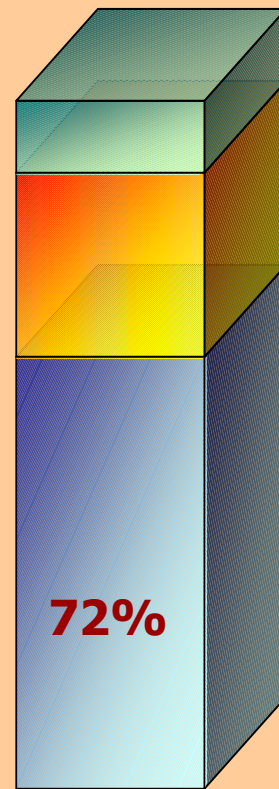
From +\$5.6 Trillion Last January to +\$1.6 Trillion This January



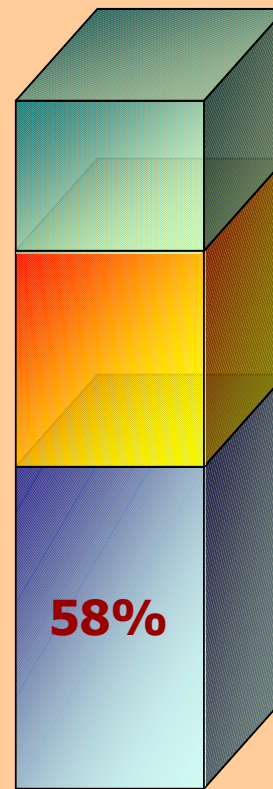
2002-2011 Total (Trillions)

Largest Cause of Deficits in 2002 and 2003 is the Economy

The economic downturn accounts for 72% and 58%, respectively, of the total 2002 and 2003 changes.



2002

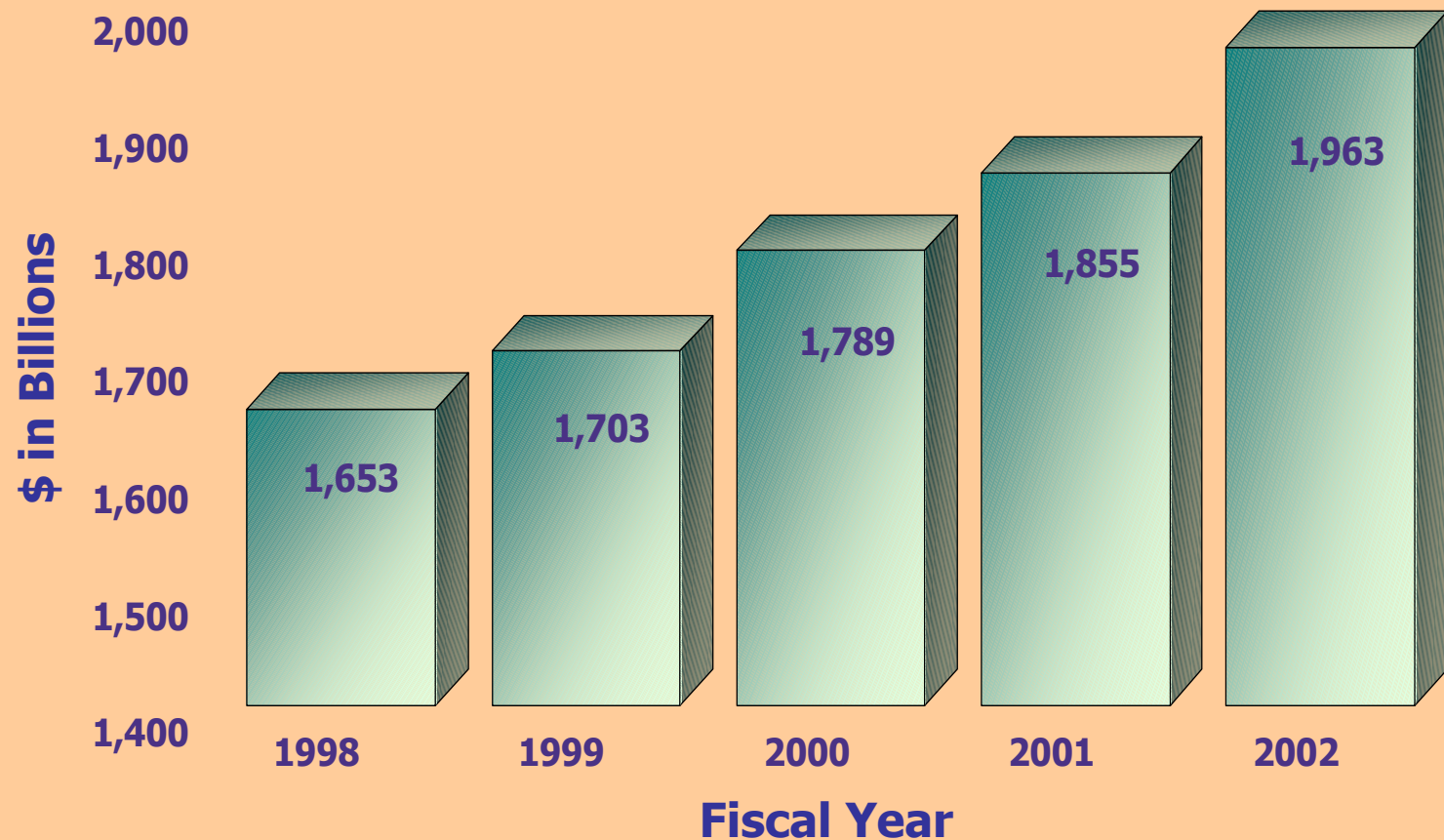


2003

 Tax Cut
 Spending
 Weak Economy

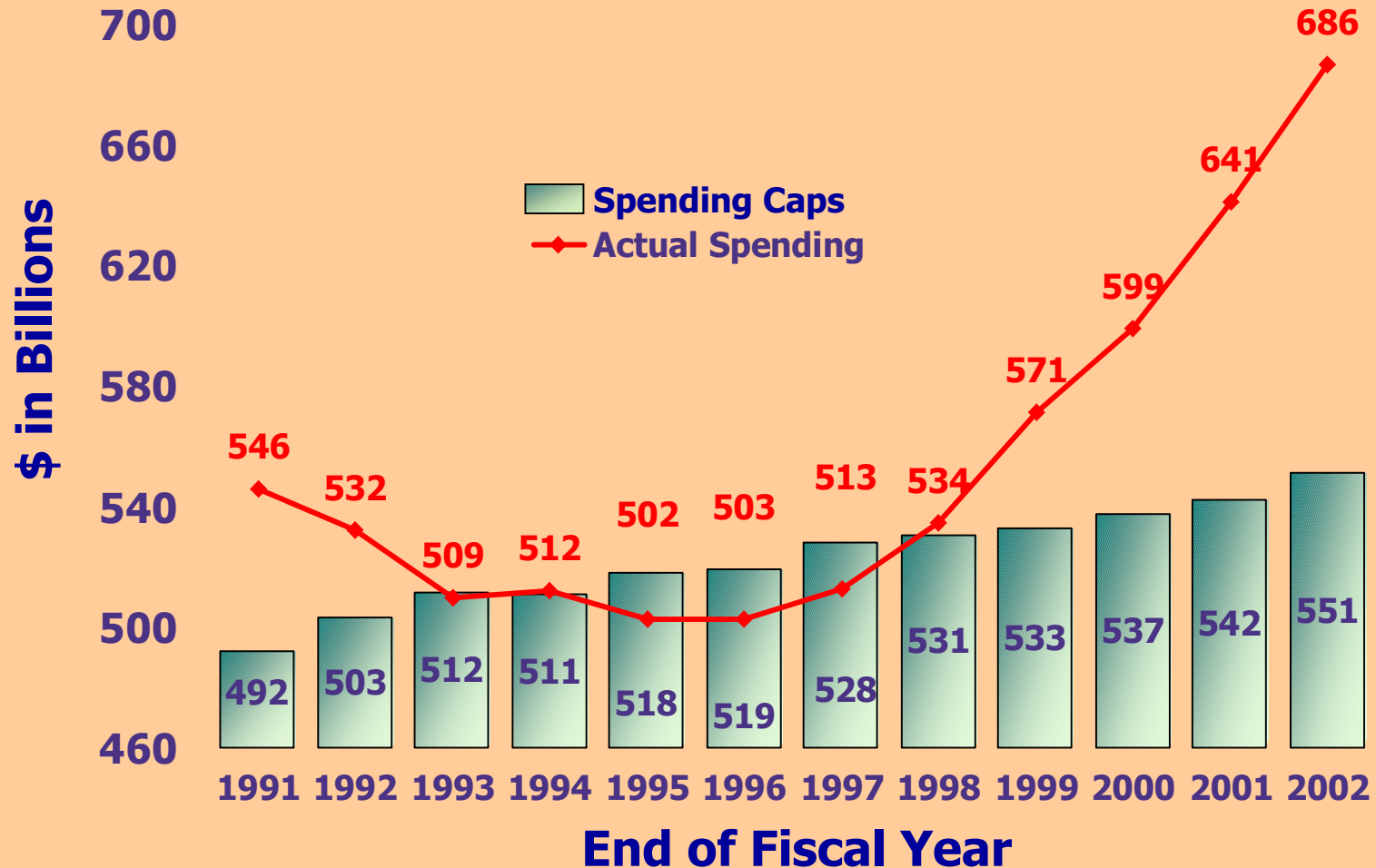
Budget Surpluses Lead To Bigger Government

Total Outlays



Budget Surpluses Lead to Bigger Government

Discretionary Budget Authority

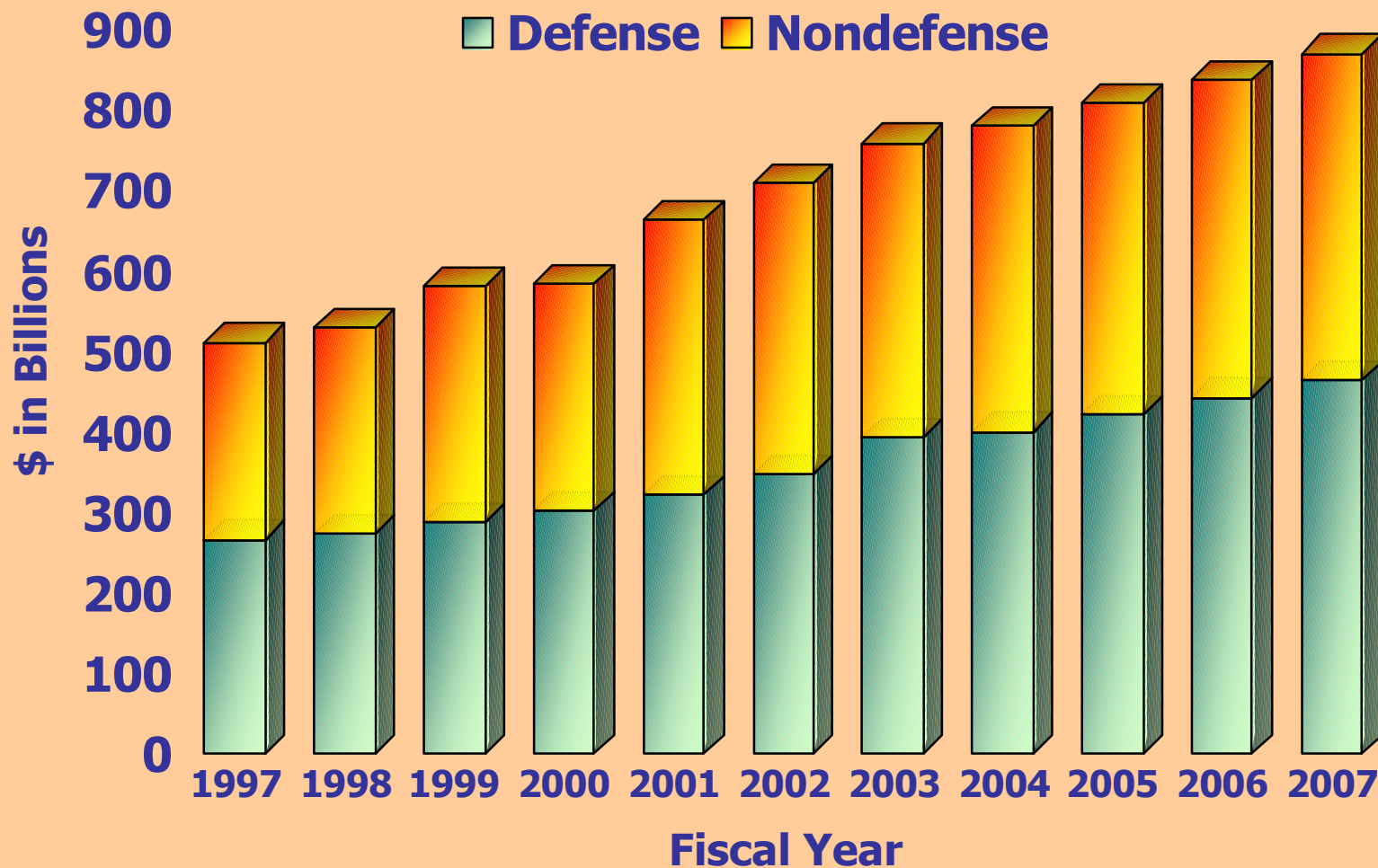


Data exclude emergency response funding for the terrorist attacks.

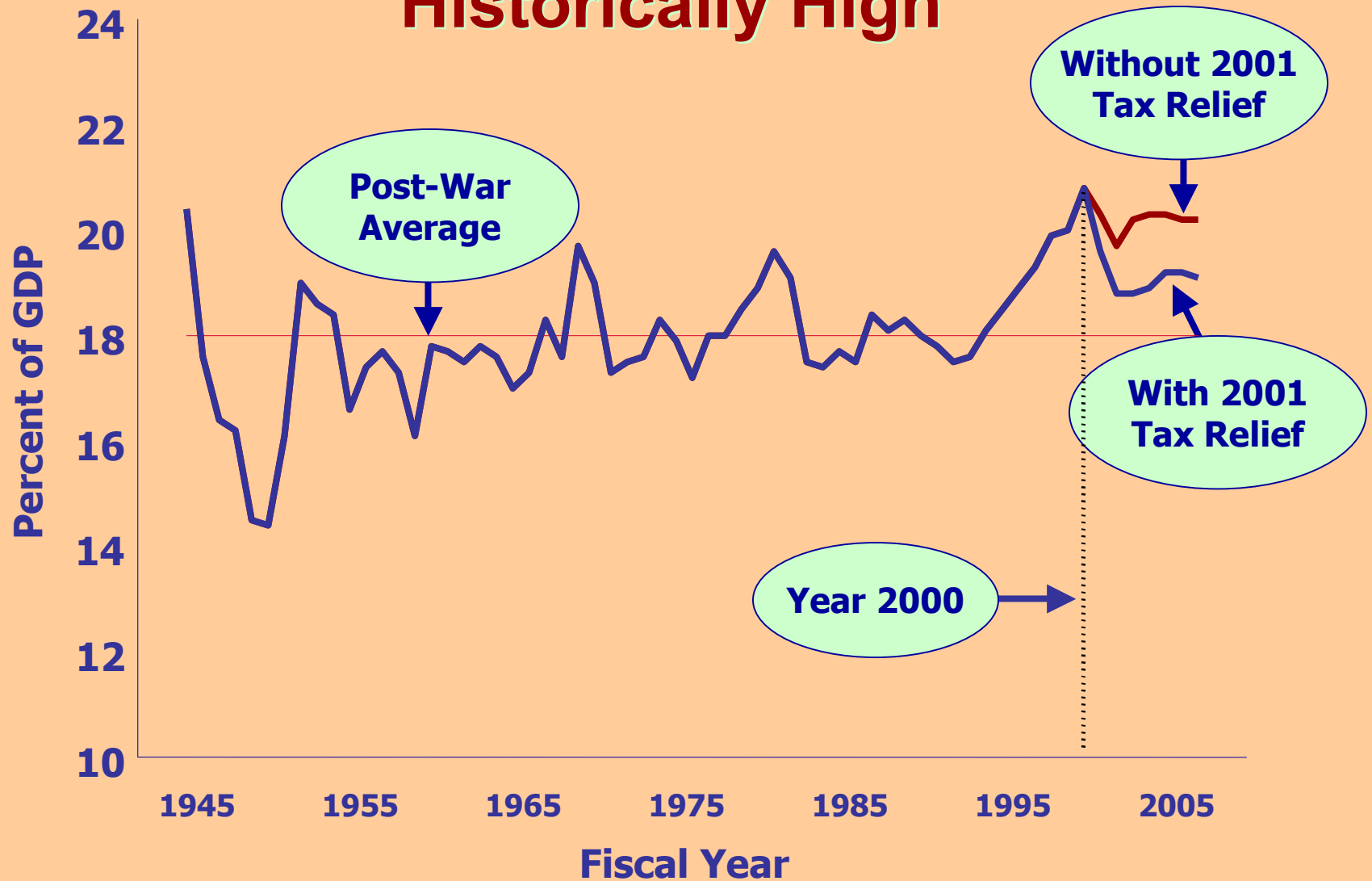
Prepared by the House Budget Committee based on OMB data.

Discretionary Spending

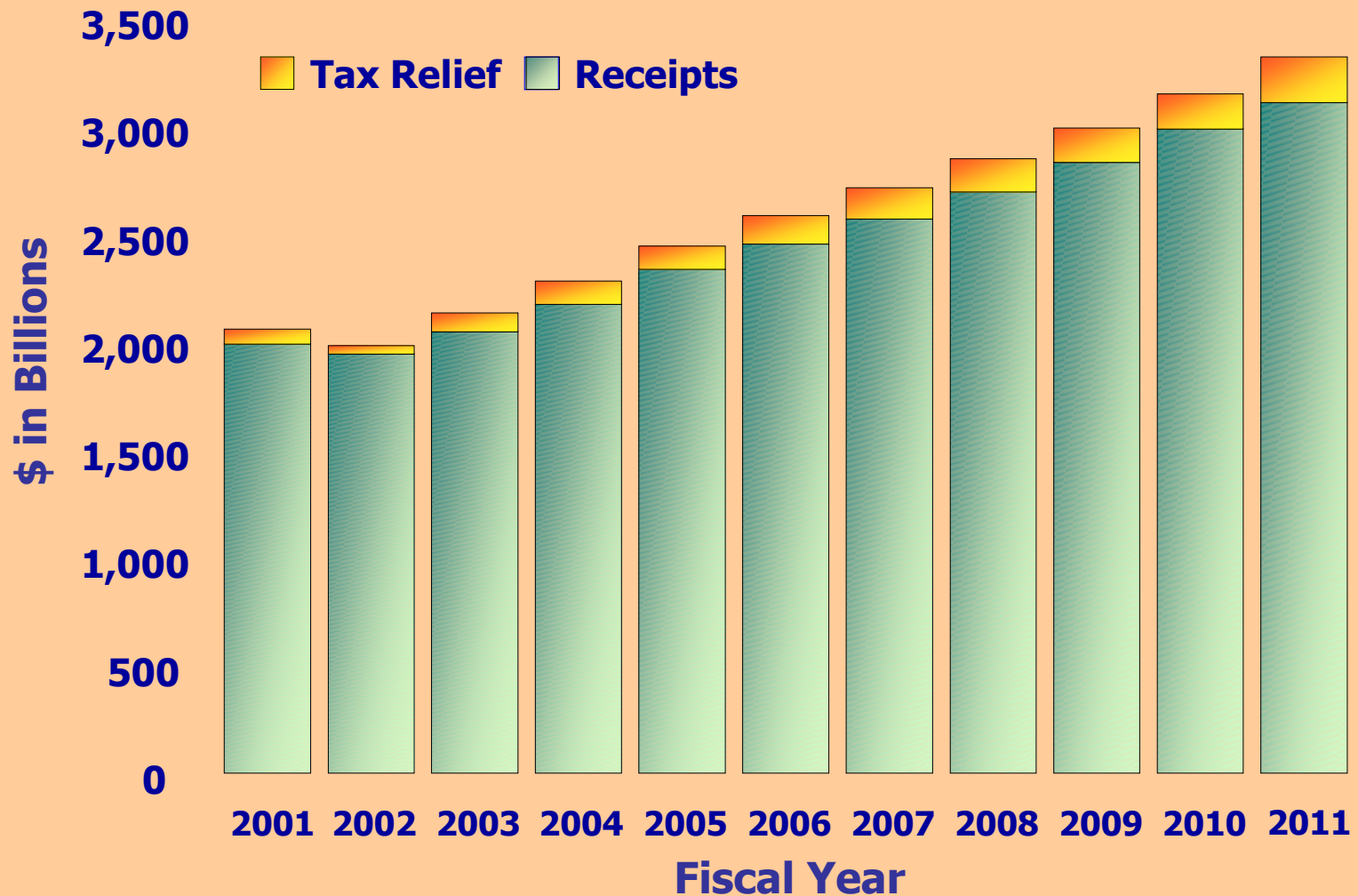
Budget Authority



Tax Take Remains Historically High



Revenues Grow by 55 Percent With 2001 Tax Relief

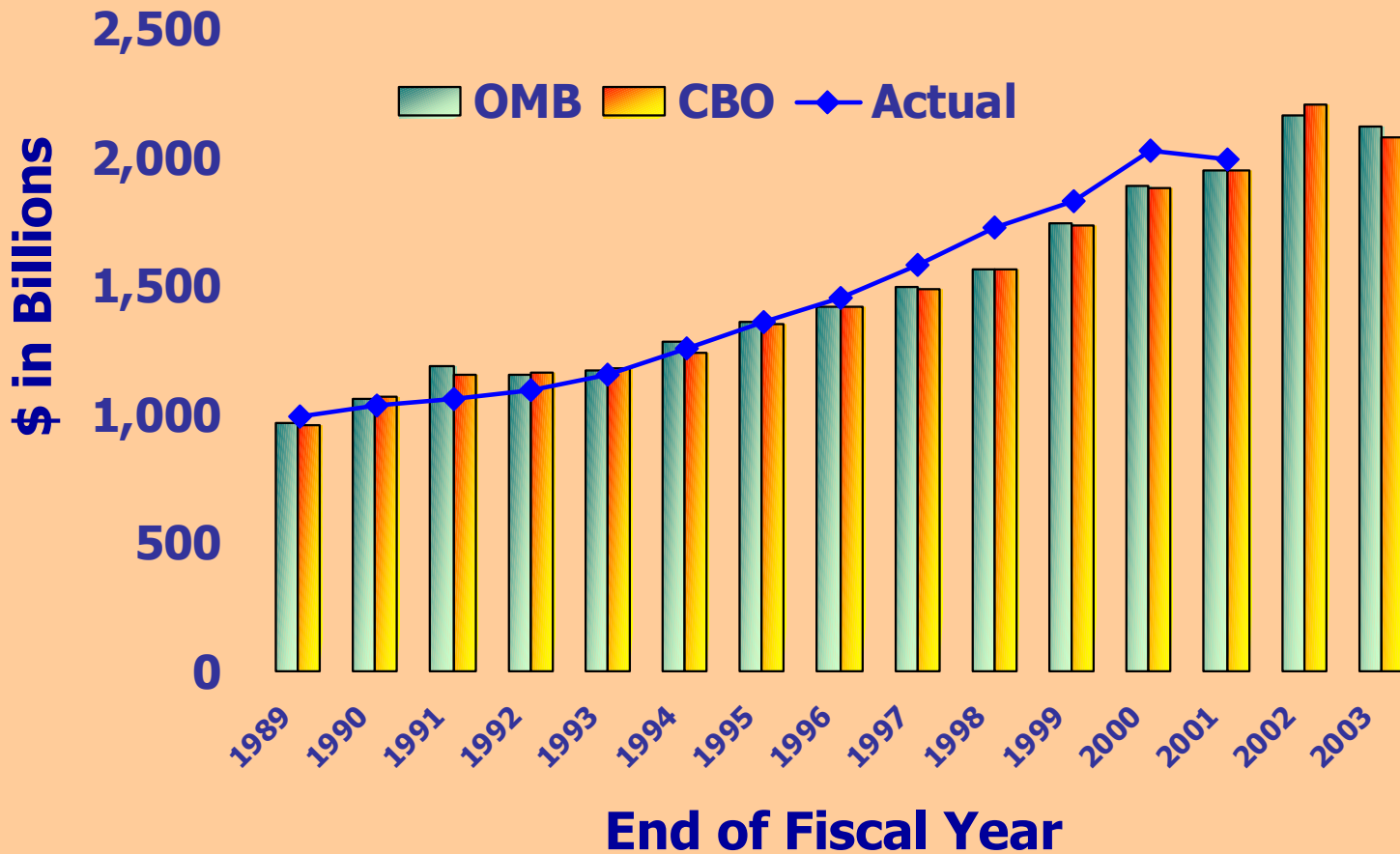


Note: Tax relief includes proposed extension of provisions beyond 2010.

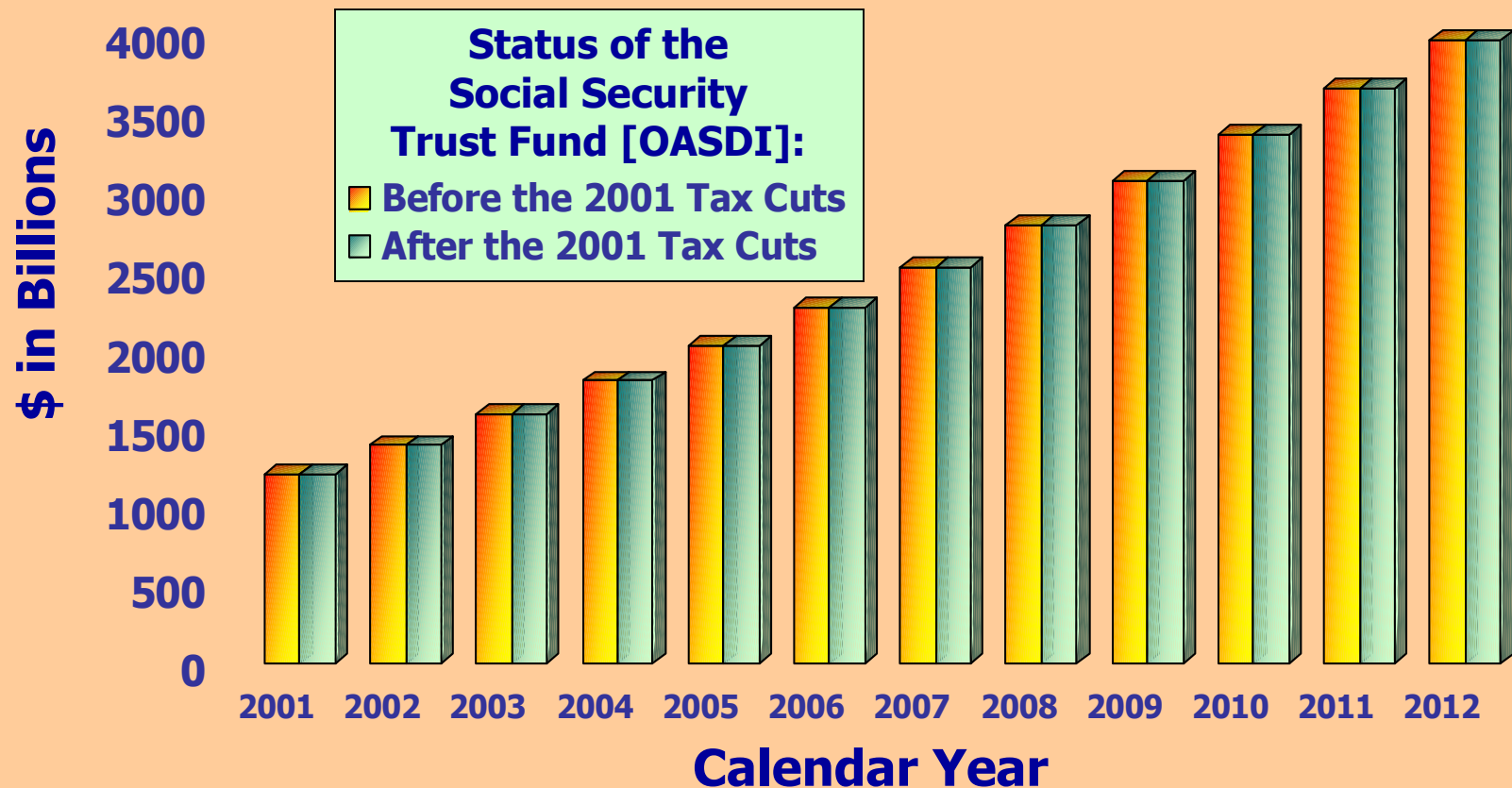
Source: OMB.

Total Revenues

Actual vs. Estimate

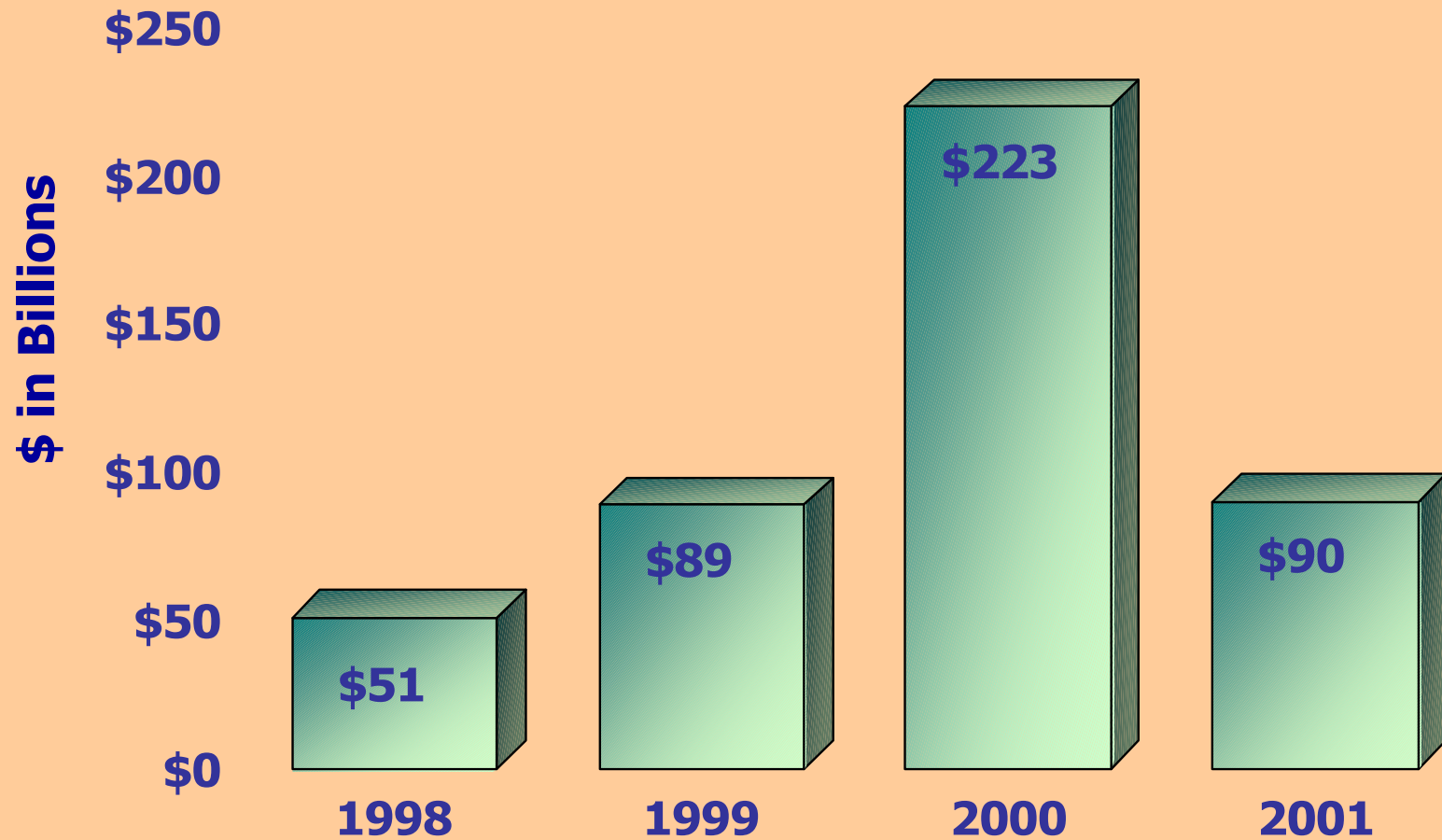


The Tax Cuts of 2001 Had No Impact on the Social Security Trust Funds



\$453 Billion in Debt Paid Off

Annual Reduction



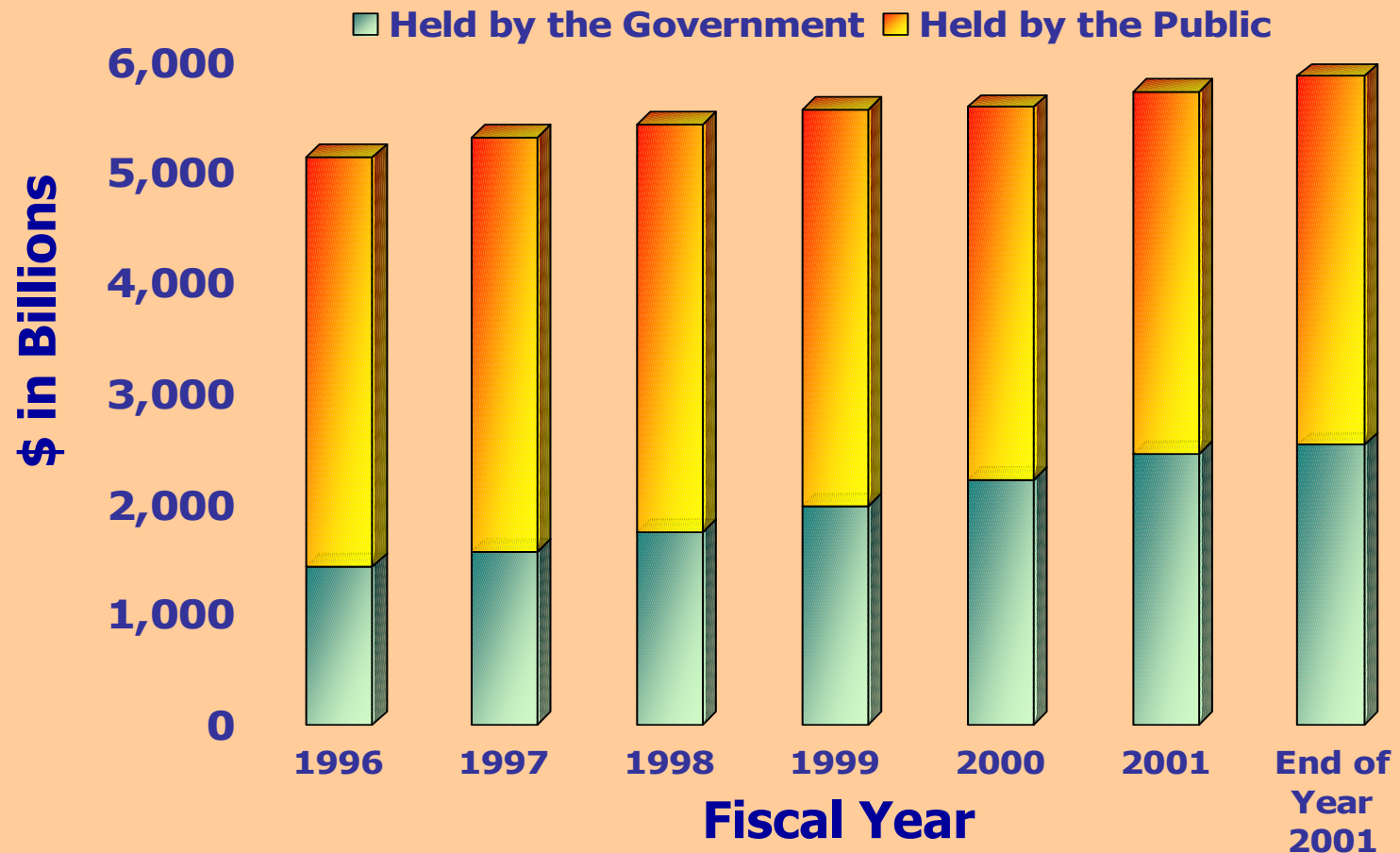
End of fiscal year reduction in Debt Held by the Public.

Prepared by the House Budget Committee. Source: '98-'00 Actual; '01 HBC Estimate.

GOP Continue to Pay Back Debt Held by Public

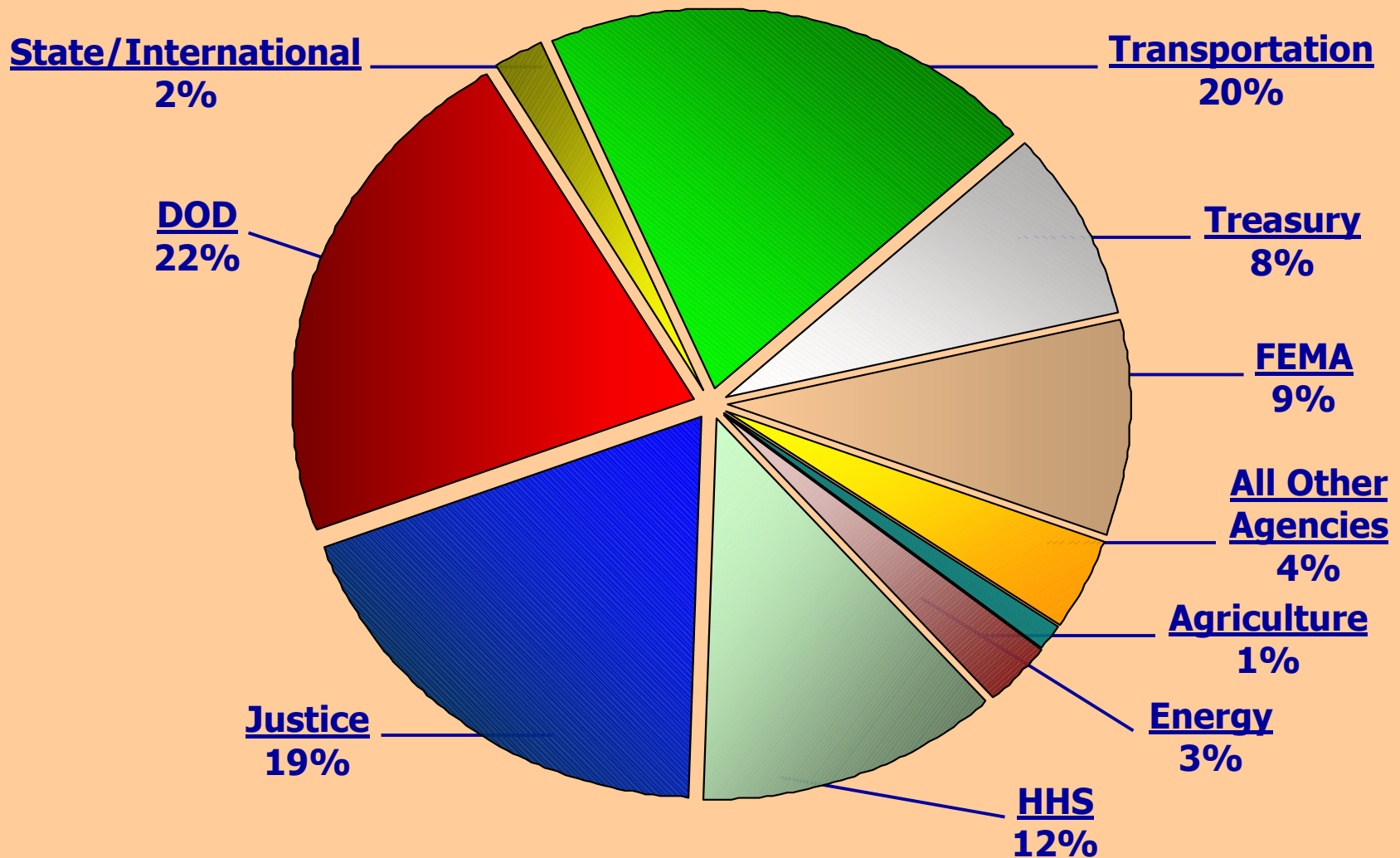


The Primary Factor Generating Pressure To Increase the Debt Limit Is Growth in Debt Held by the Government



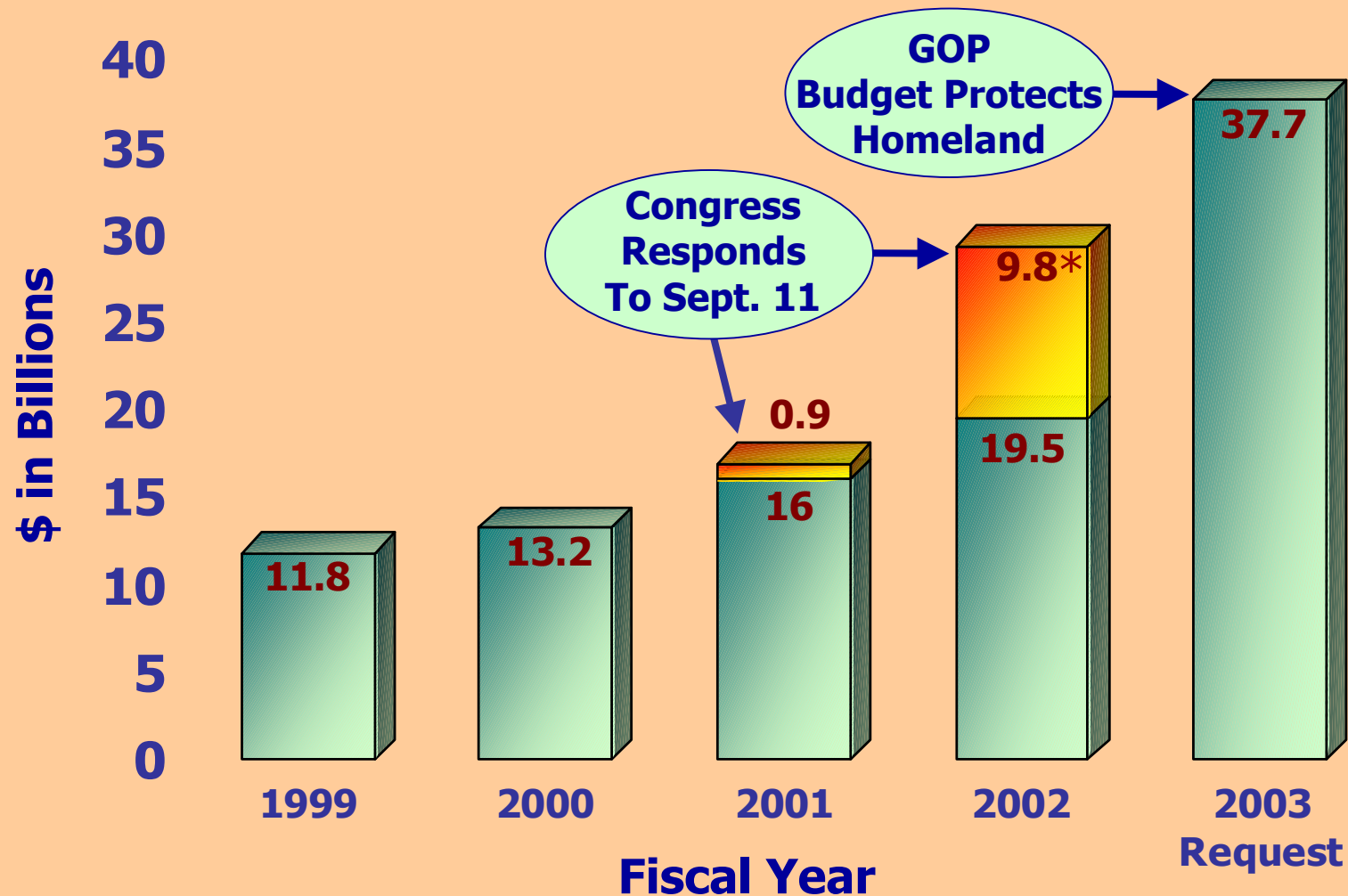
Homeland Security

Distribution of FY 2003 Request by Agency



Source: Office of Homeland Security.

Security for Our Nation: Plan to Protect the Homeland

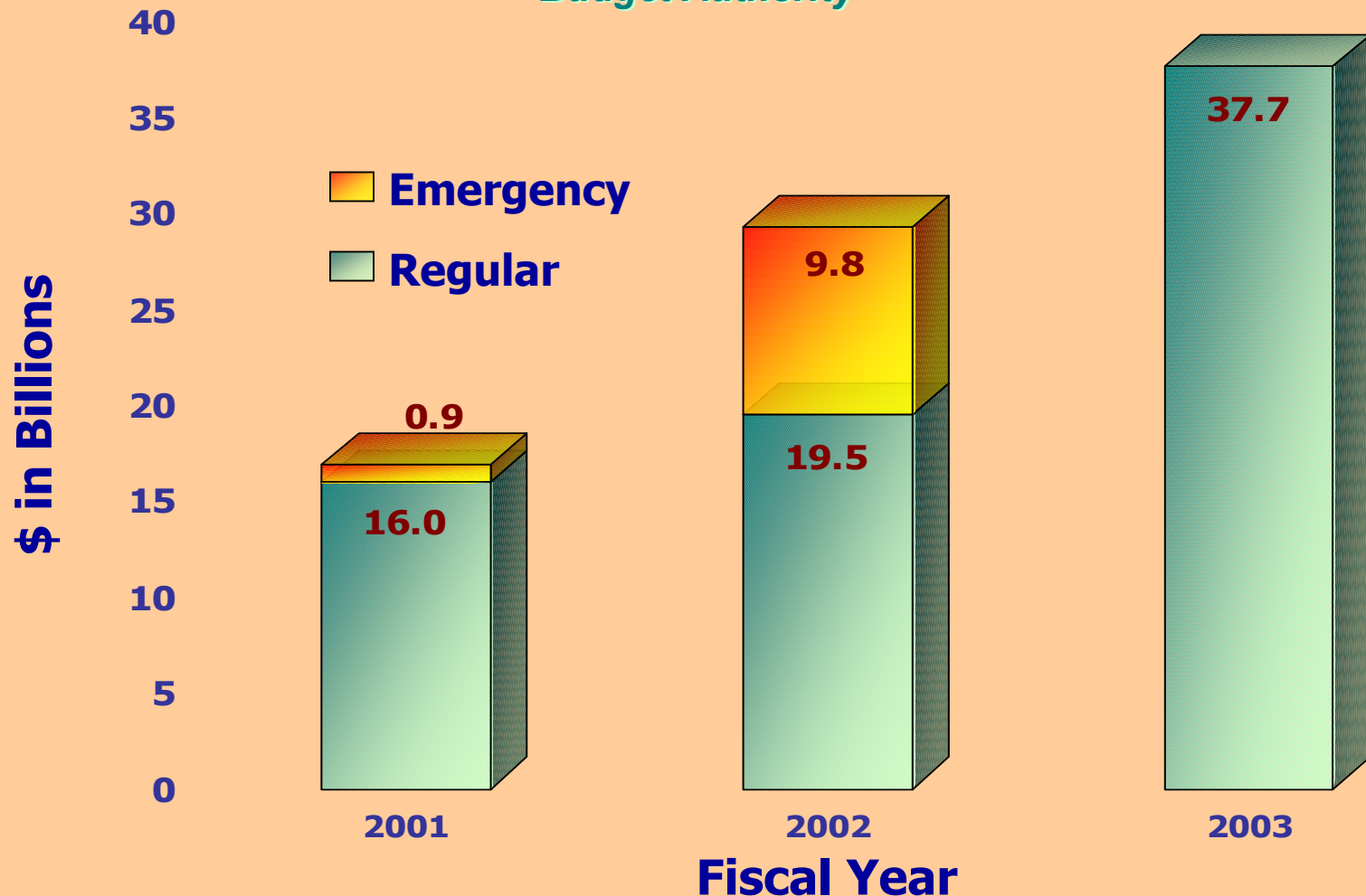


*Emergency Response Fund.

Source: Office of Homeland Security.

Security for Our Nation: Homeland Security Spending Doubled!

Budget Authority



Keeping the Promises To Our Military Families

Military Pay Raise

**4.1 Percent Starting January 2003
Additional 2 Percent Pay Increase for
Mid-Career Personnel**

Health Care

**\$22.4 Billion to Include the Expansion of Military
Health Care**

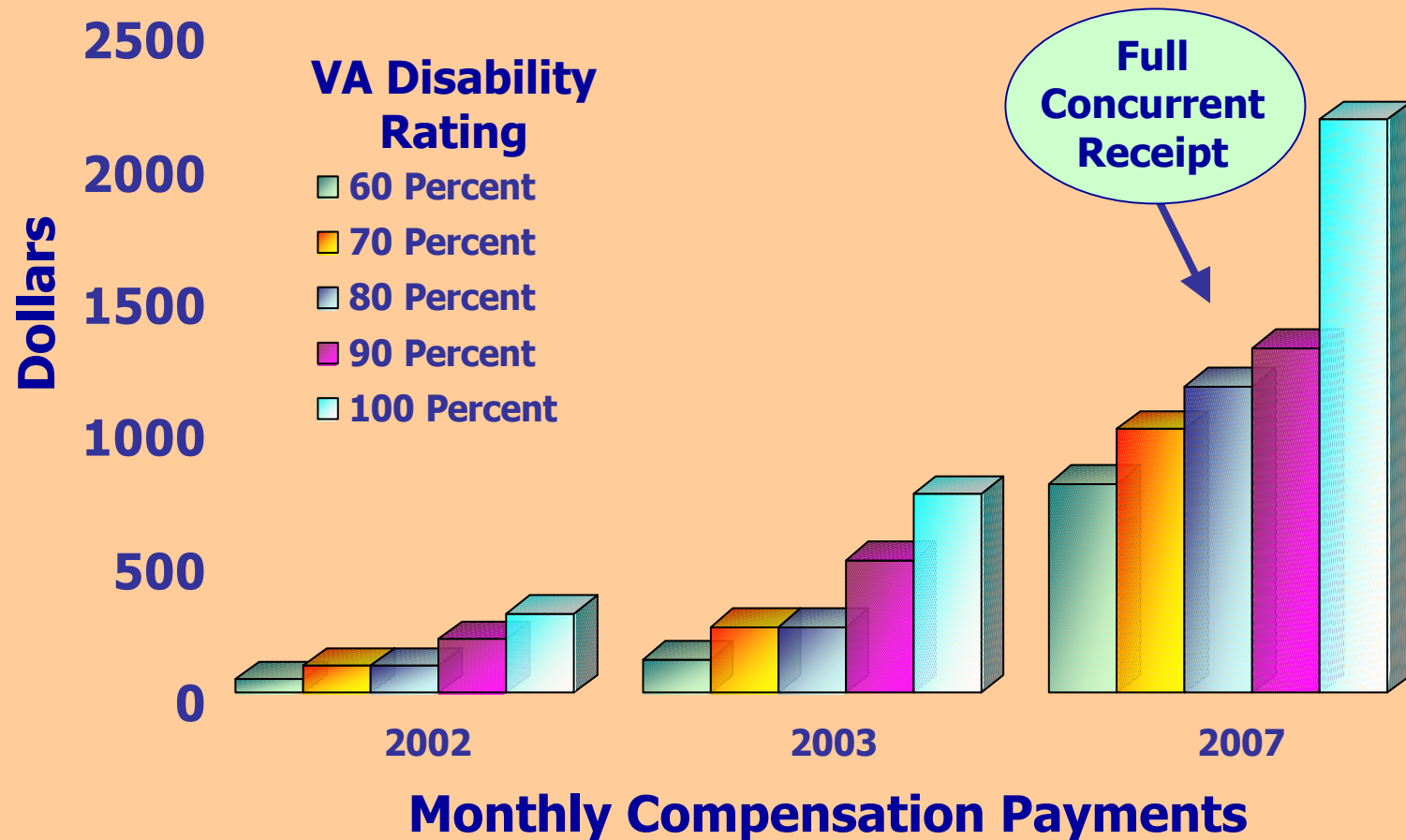
Housing

\$4.22 Billion for New and Improved Military Housing

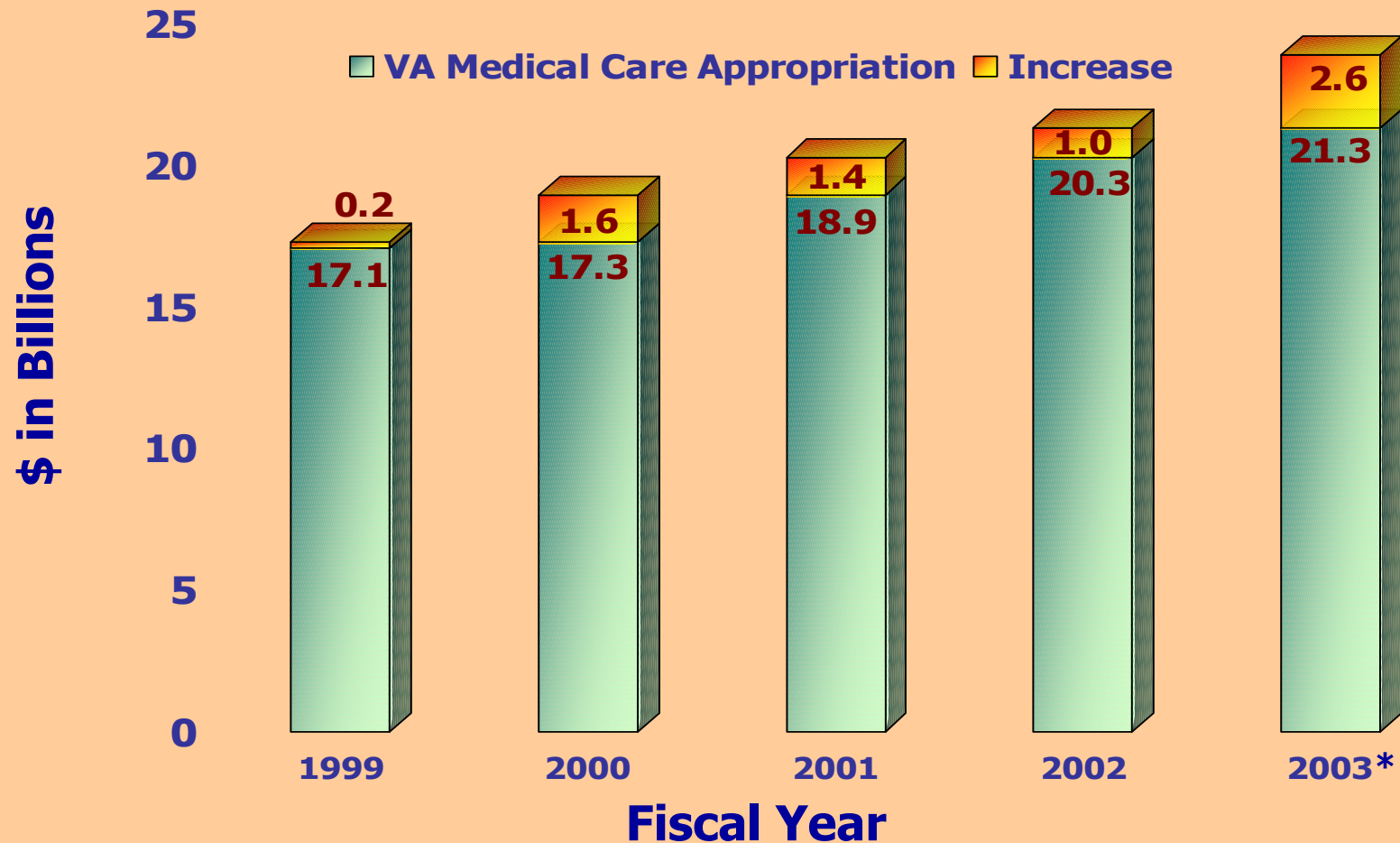
Veterans

**Concurrent Receipt
Providing a Real Benefit for Our Disabled Veterans**

GOP Budget Allows Full Concurrent Receipt for Severely Disabled Veterans by 2007



GOP Strong Commitment to VA Medical Care

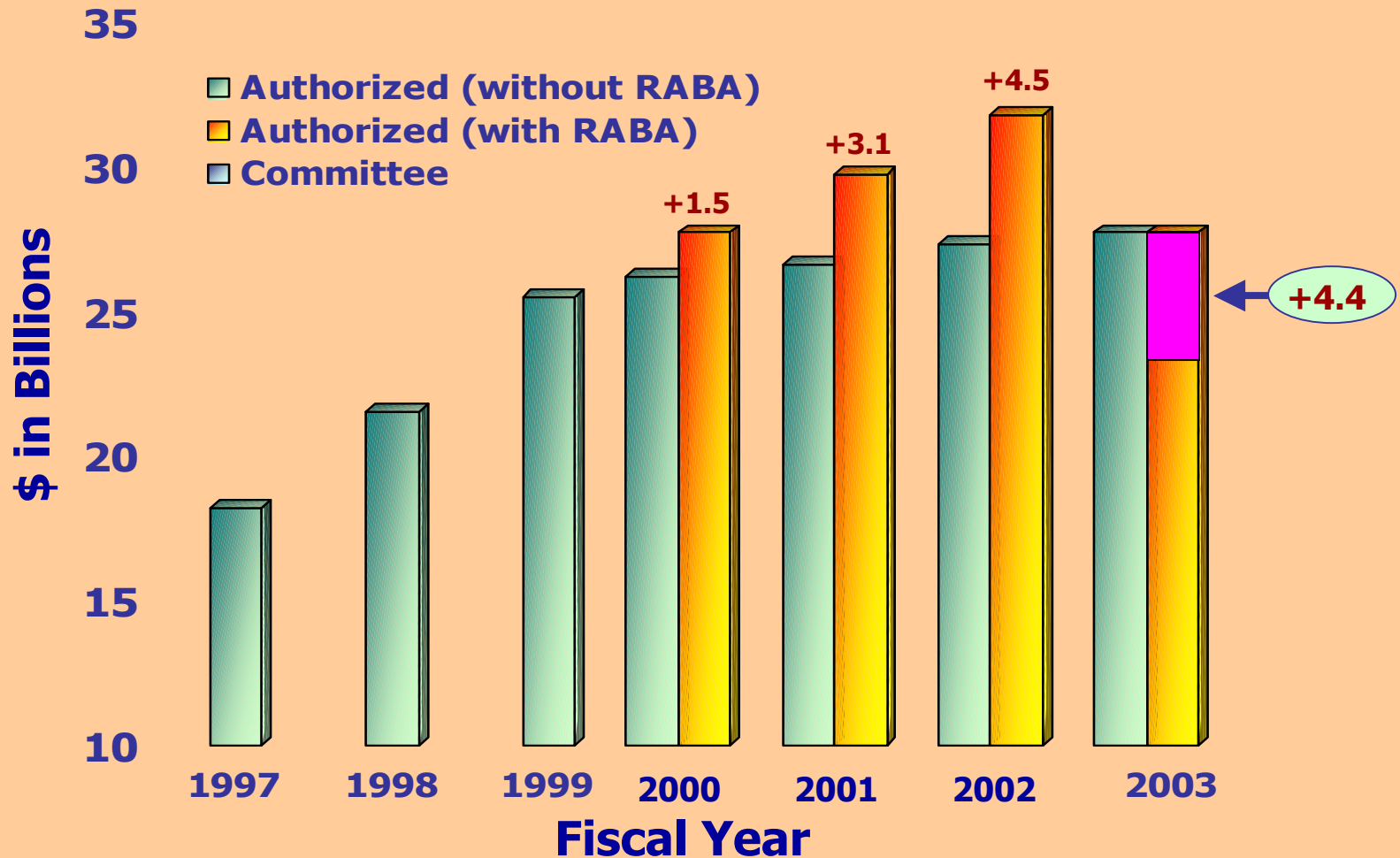


*Includes \$1.145 billion to preclude the need for a \$1,500 deductible.

Source: Congressional Research Service.

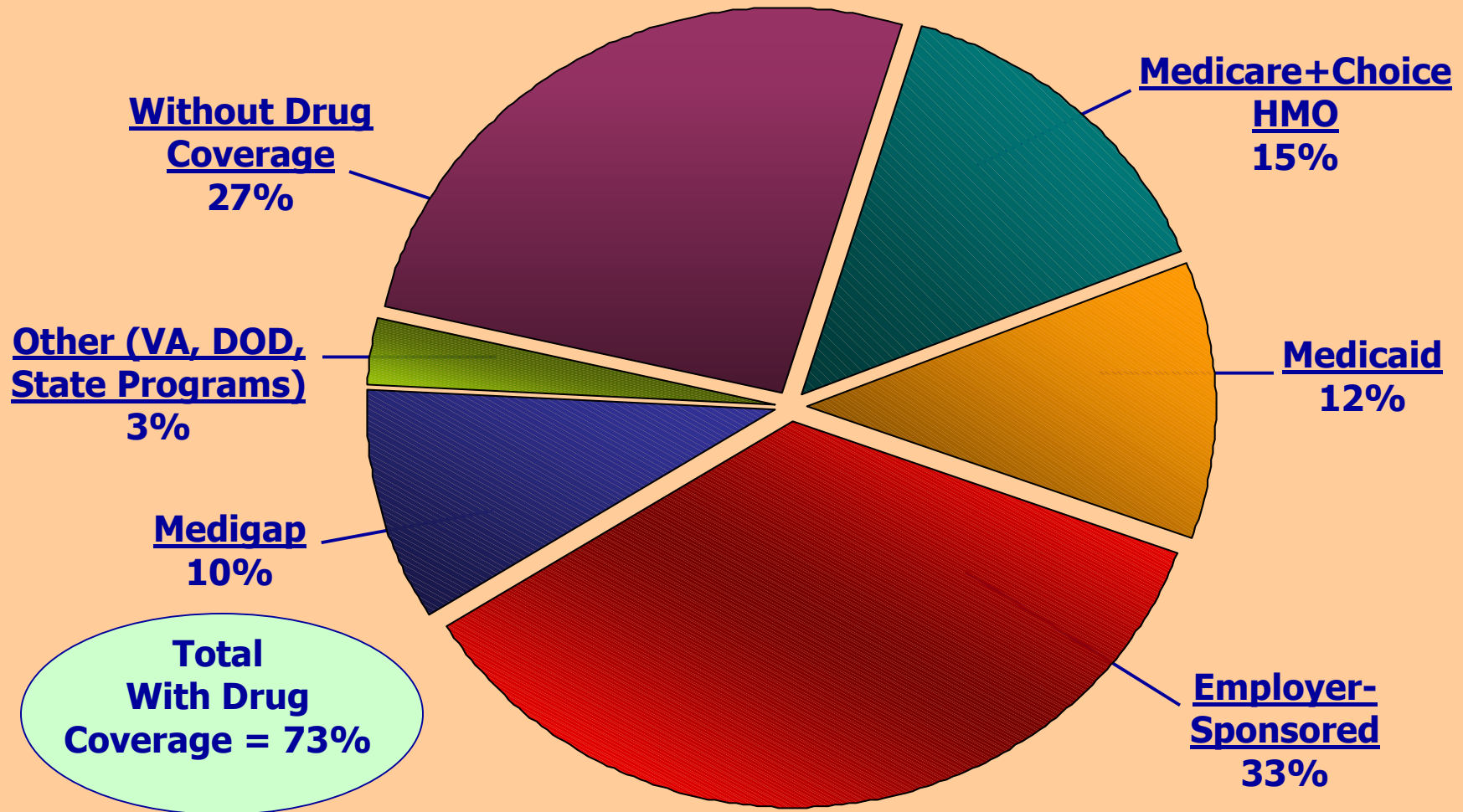
GOP Plan to Fill the Highway Funding Gap

Obligation Limitations



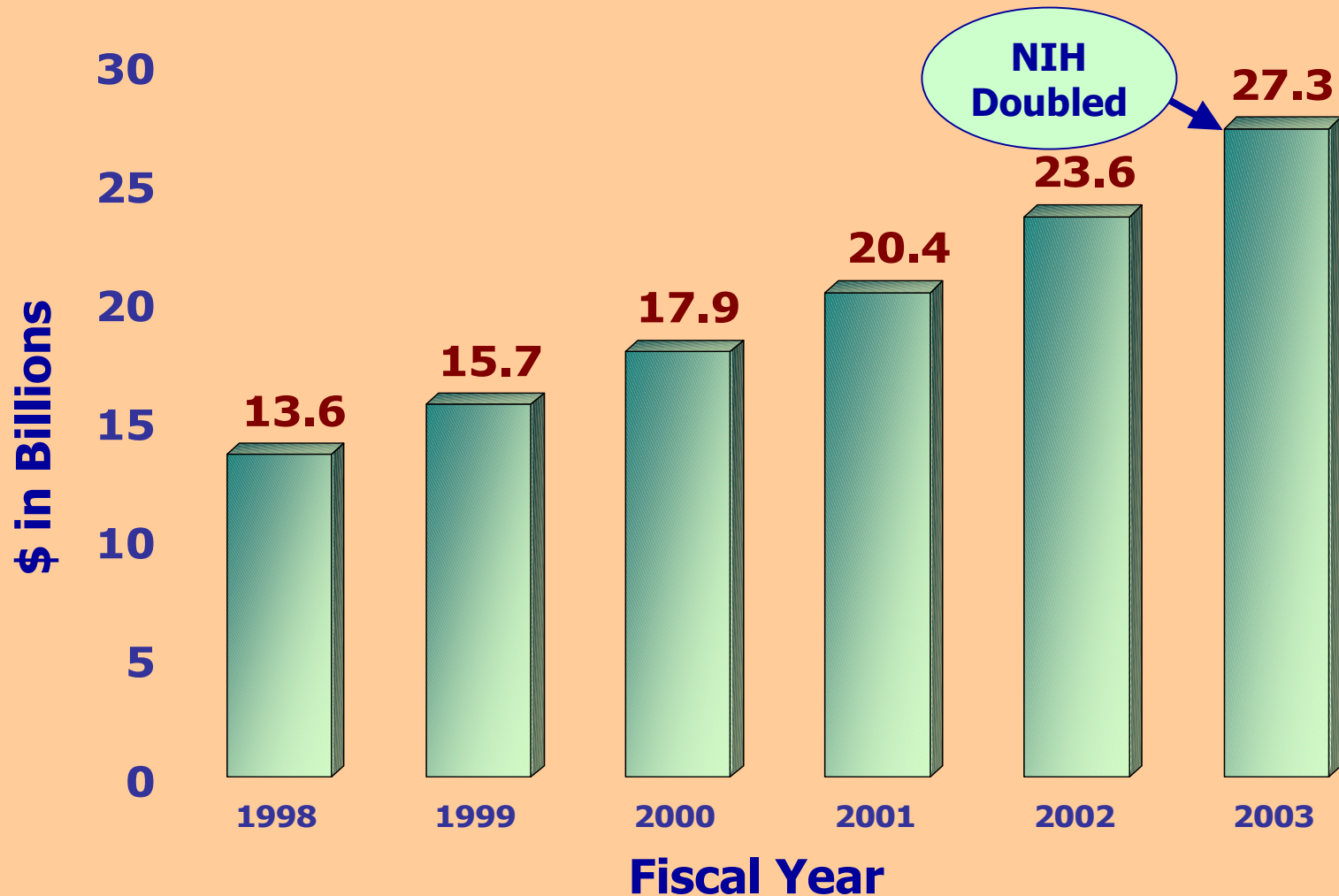
Percent of Medicare Beneficiaries With Drug Coverage

By Source of Coverage, 1998



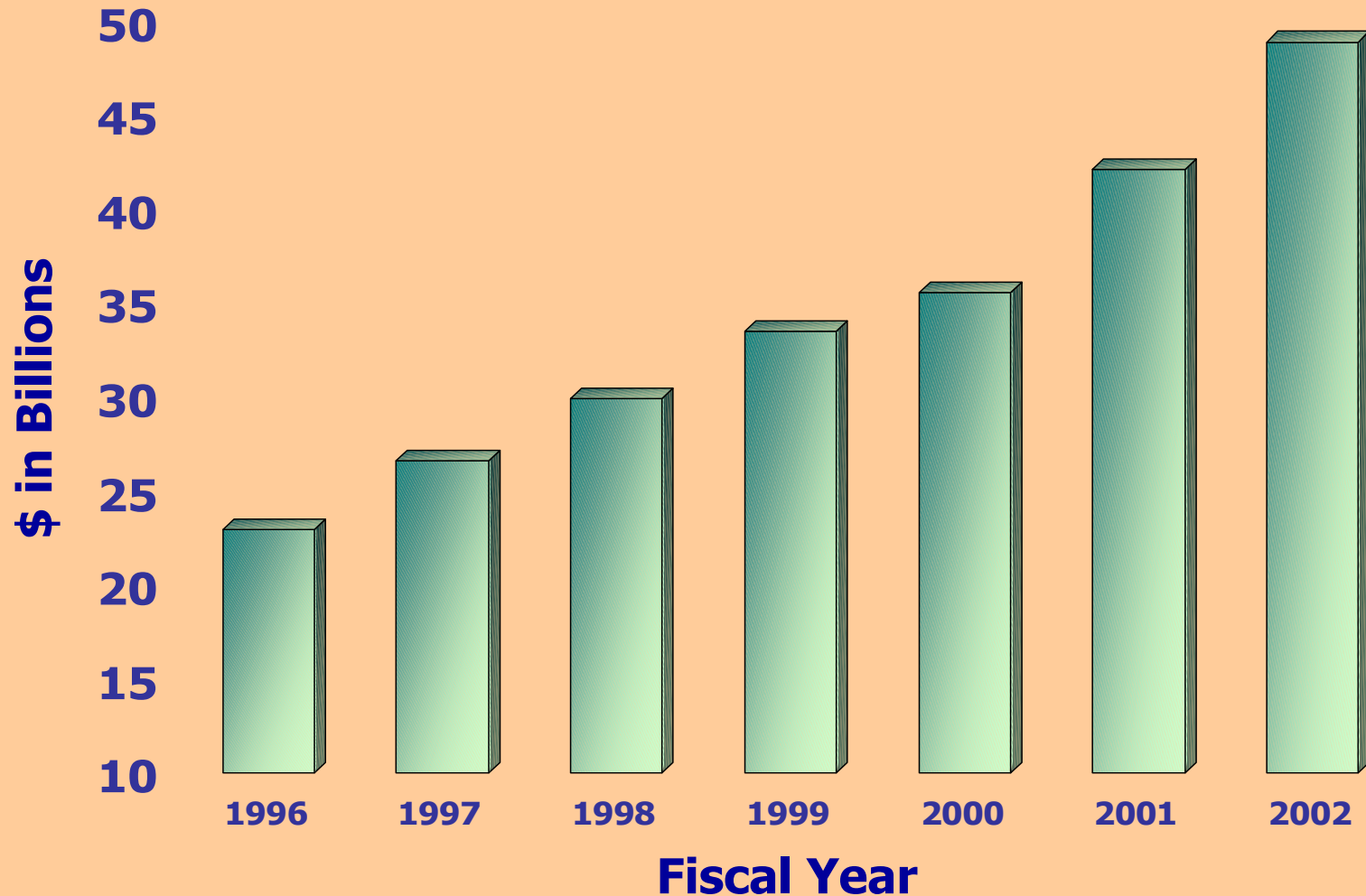
Source: Medicare Current Beneficiary Survey, 1998.

GOP Delivers on Promise: NIH Doubled in 5 Years!

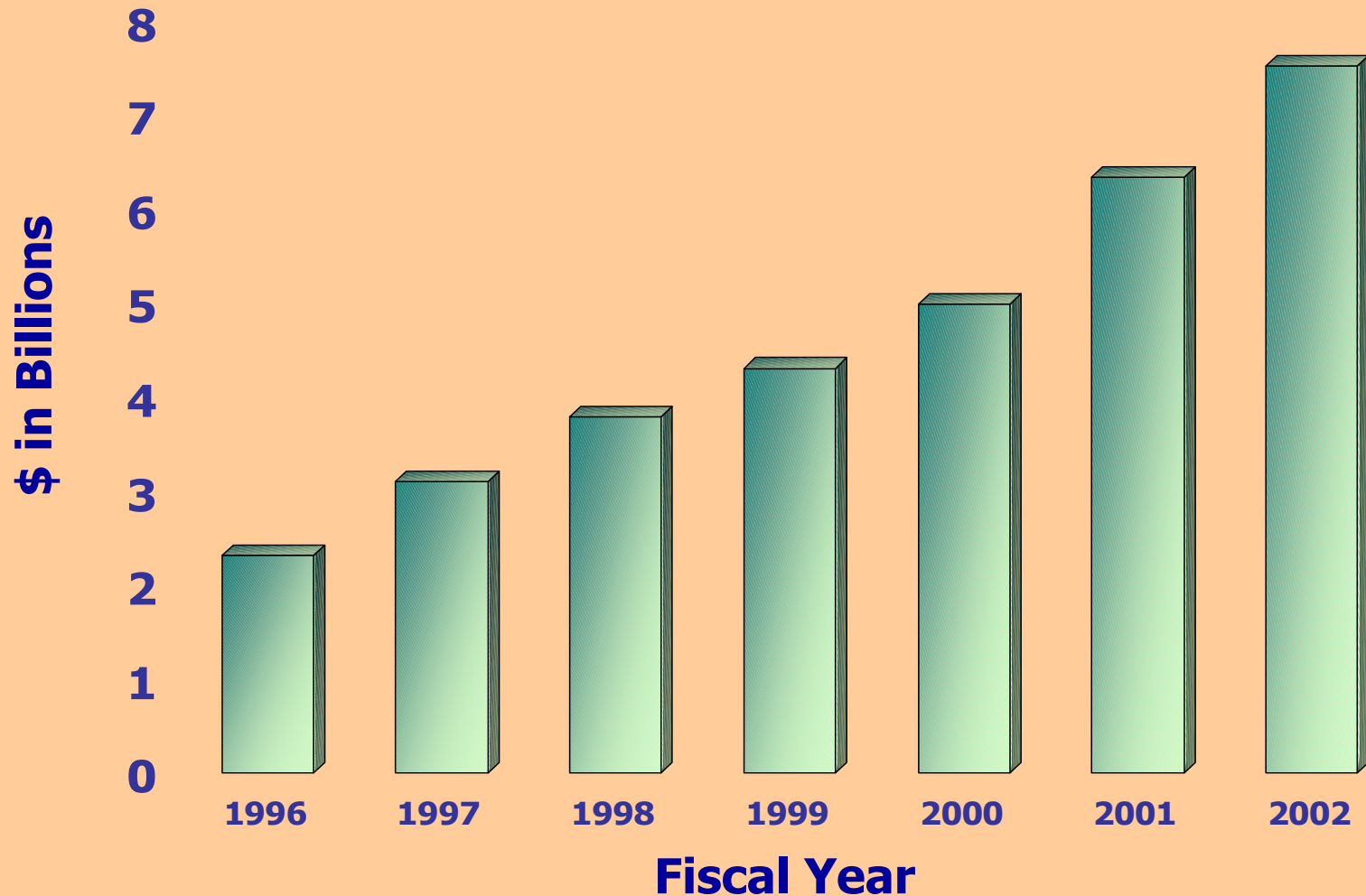


Note: Includes the final installment of the funds needed to fulfill the congressional commitment to double the fiscal year 1998 NIH budget.

GOP Commitment to Education: Education Funding Doubled in 6 Years!

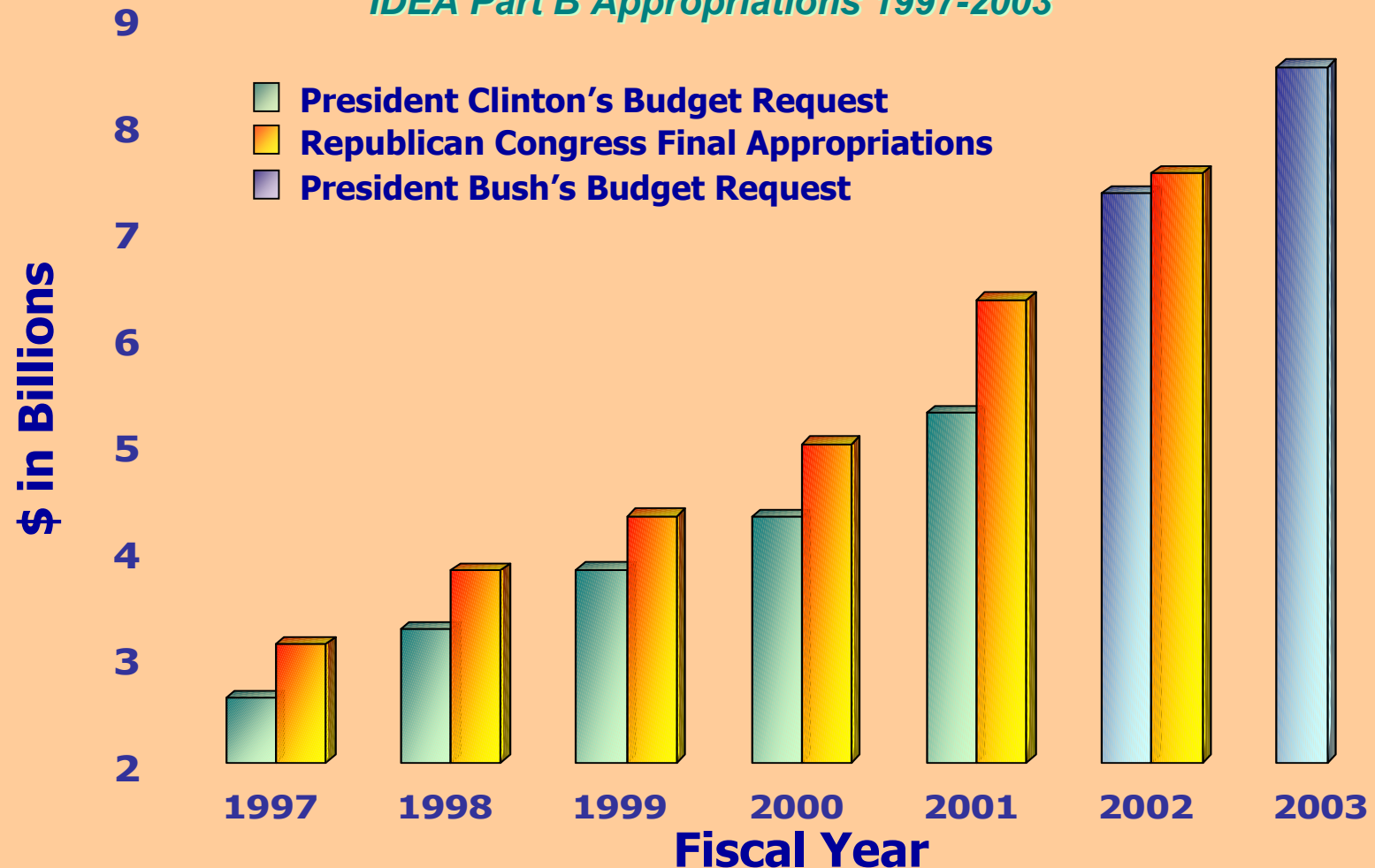


GOP Record of Achievement: IDEA Funding Tripled in 6 Years!



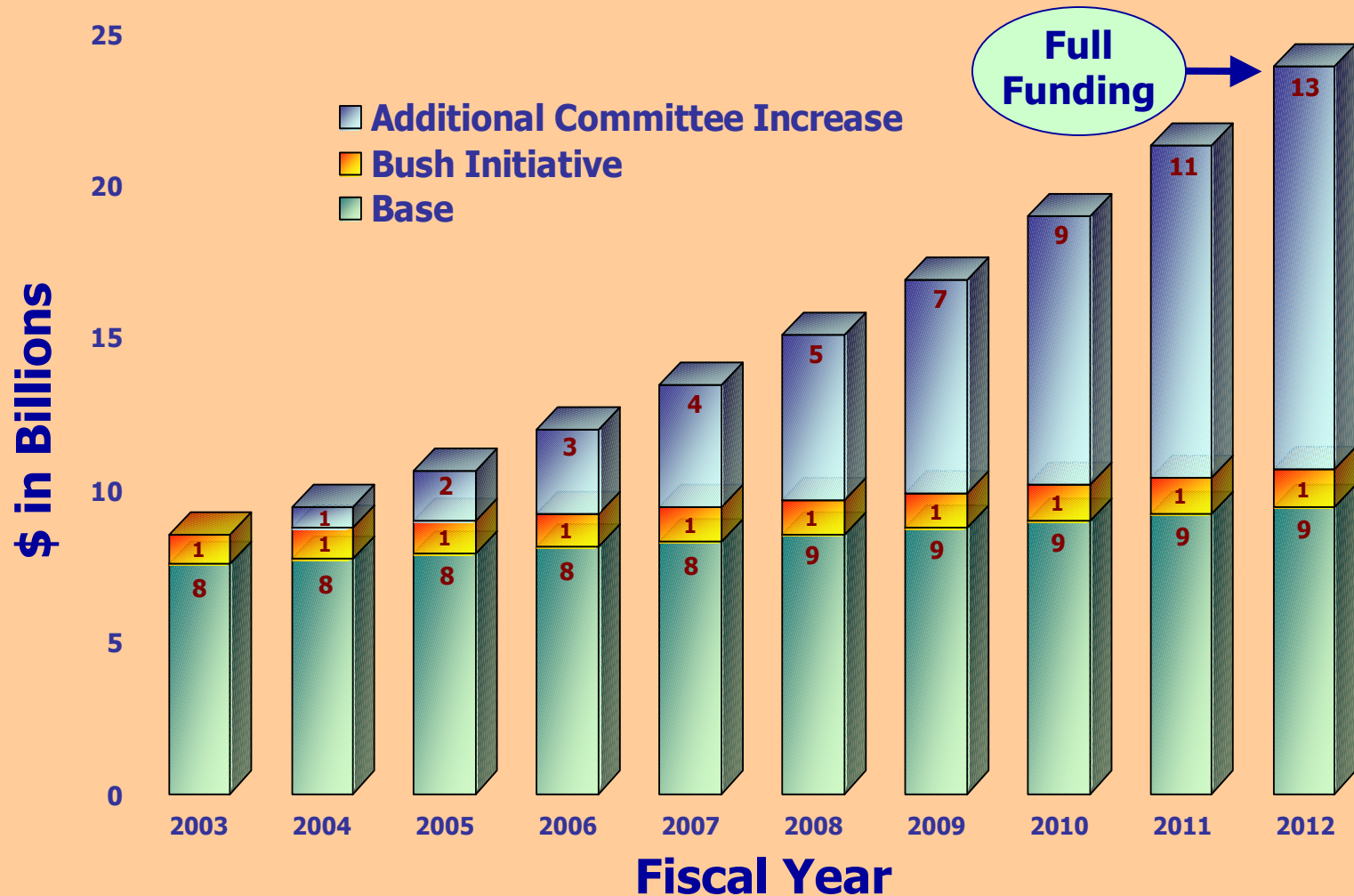
GOP Strives to Fulfill IDEA's Promise

IDEA Part B Appropriations 1997-2003



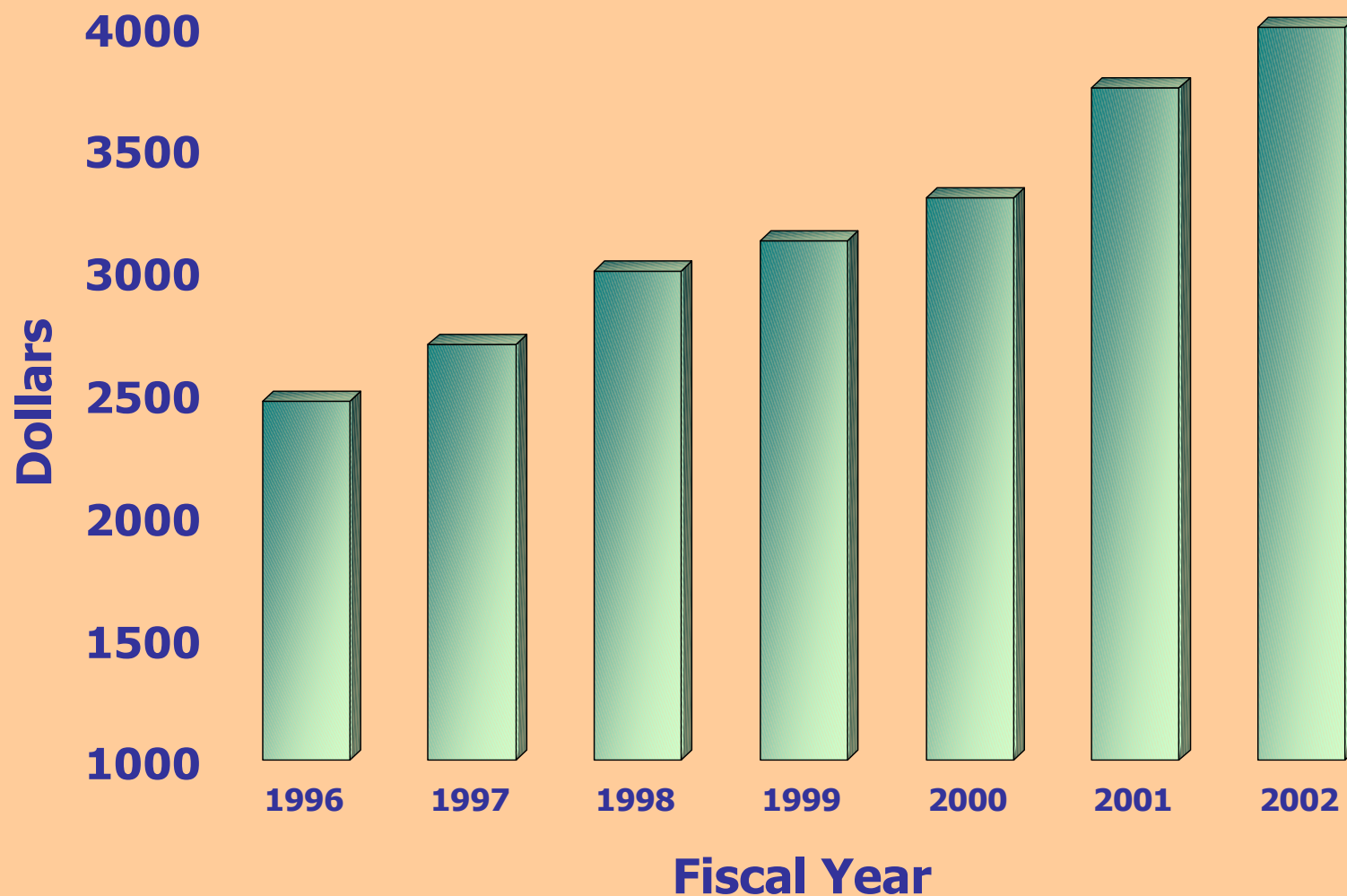
GOP Plan to Fully Fund IDEA

Budget Authority



Pell Grant Maximum

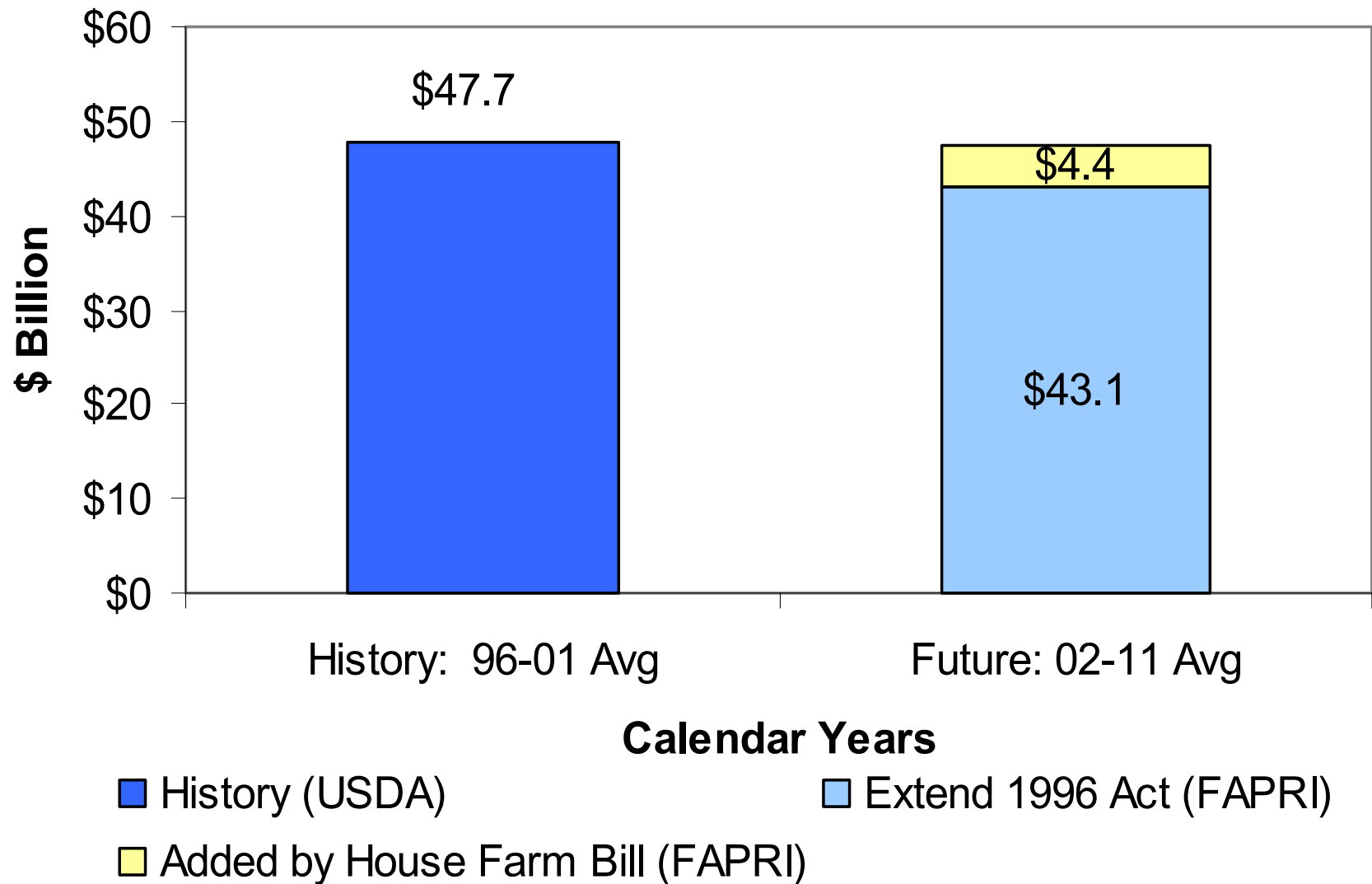
Per Recipient



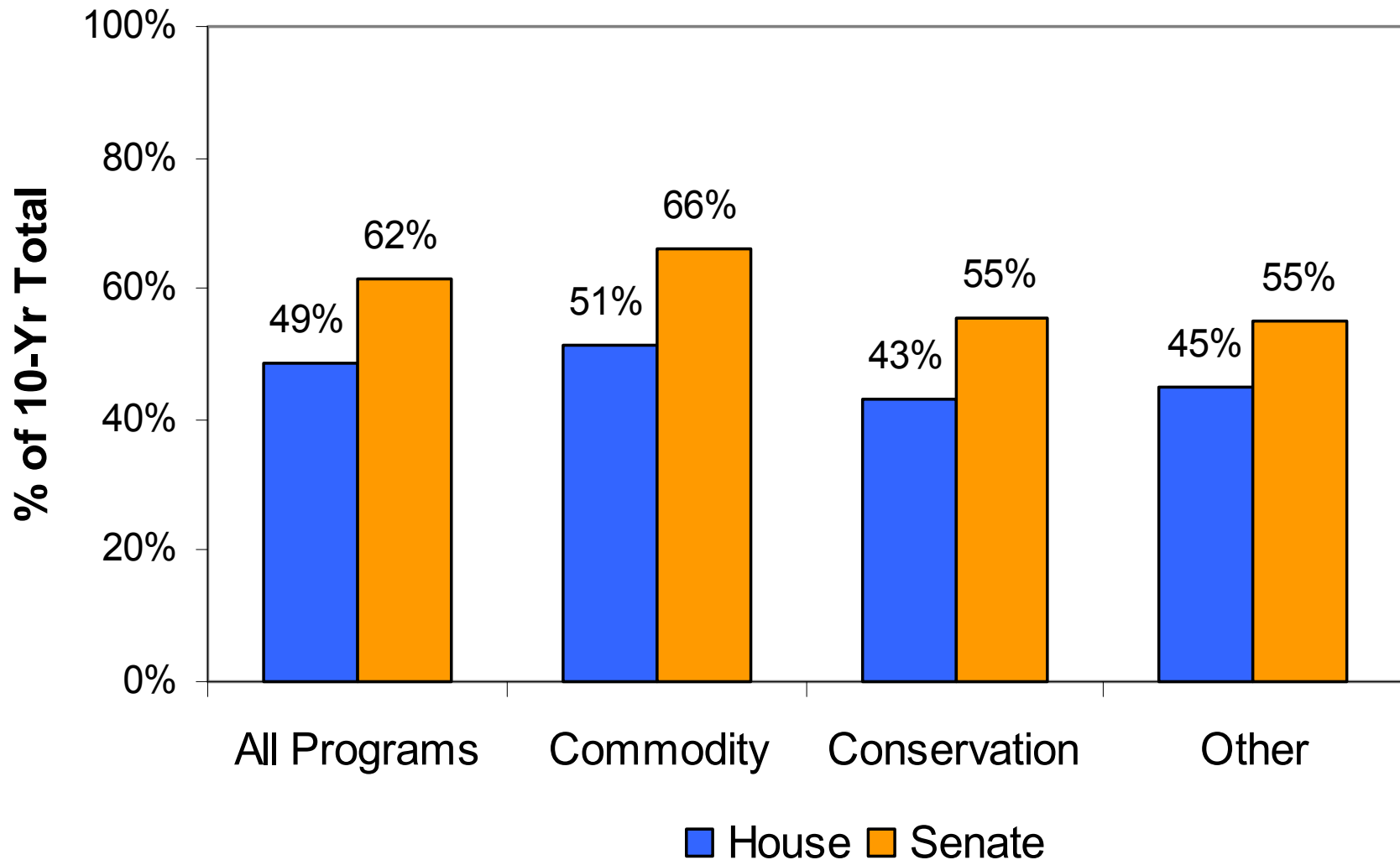
A Democratic-Controlled Budget Committee Often Used the OMB Baseline

Frequency and Source of Economic Baselines in House Budget Resolutions Fiscal Years 1977-1996	
CBO	IIII IIII
Non-CBO	IIII IIII I

The House Farm Bill's Commodity & Conservation Titles Add \$4.4 billion per Year to Net Farm Income Relative to Extending the 1996 Farm Bill for 10 Years



The Front-Loaded Senate Farm Bill Spends 62% of its Total Funding in the First Five Years. The House Spends 49%. Source: CBO Estimate.

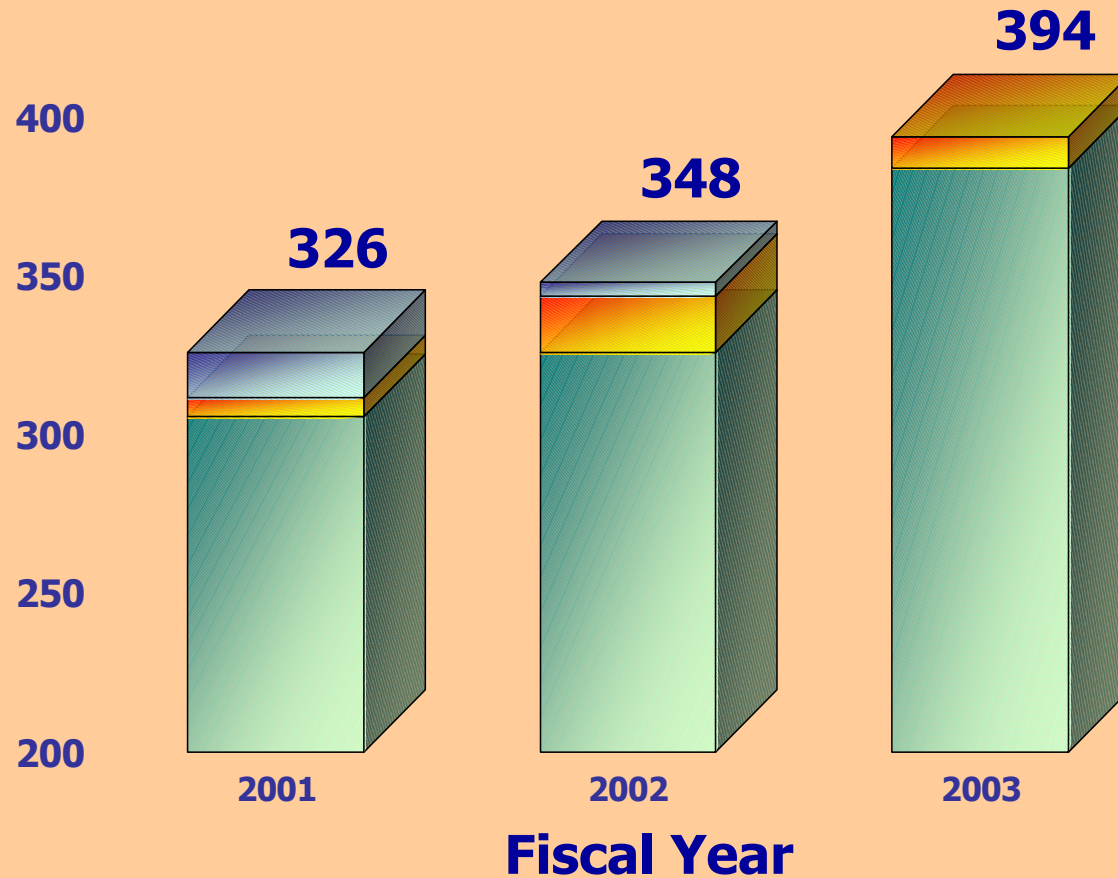


National Defense*

(Function 050)

Total Spending

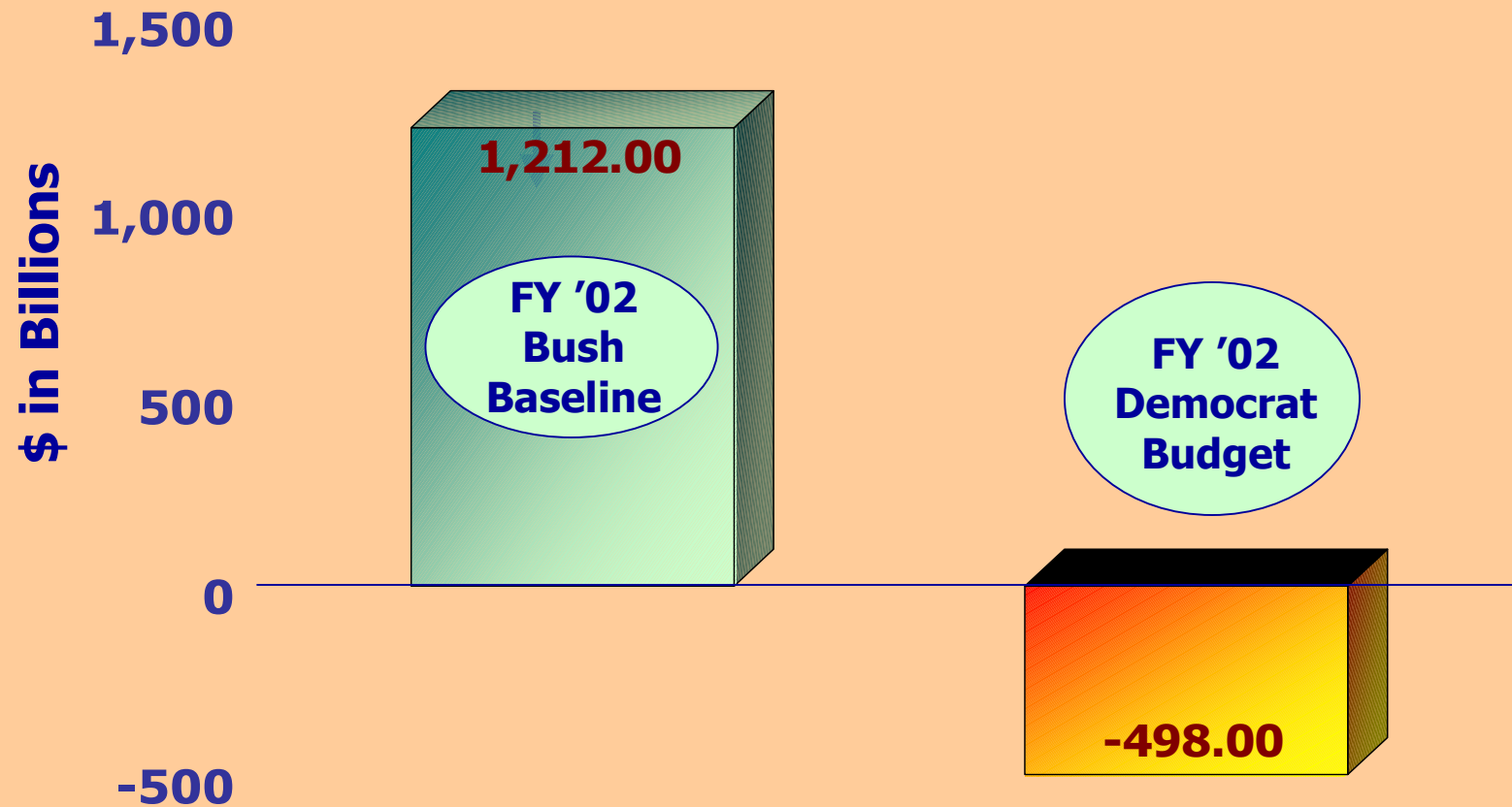
(Billions of Dollars of Budget Authority)



*More than 95 percent of funds go to DOD. The rest funds the atomic energy defense activities Of DOE, and other defense-related activities.
Note: The administration's accrual proposal has been removed from these numbers.

Democrats' Plan Spent The Social Security Surplus

Total Non-Social Security Surplus 2002-2007



Source: House Committee on the Budget.

Veterans Service Organizations Support Budget's Concurrent Receipt Provisions

★ The American Legion ★

★ Veterans of Foreign Wars (VFW) ★

★ Non-Commissioned Officers Association (NCOA) ★

★ National Association for Uniformed Services (NAUS) ★

★ Air Force Sergeants Association ★

★ The Retired Officers Association ★

★ Disabled American Veterans (DAV) ★

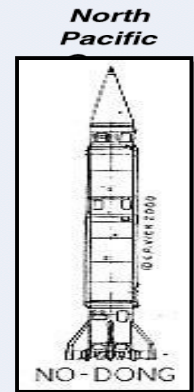
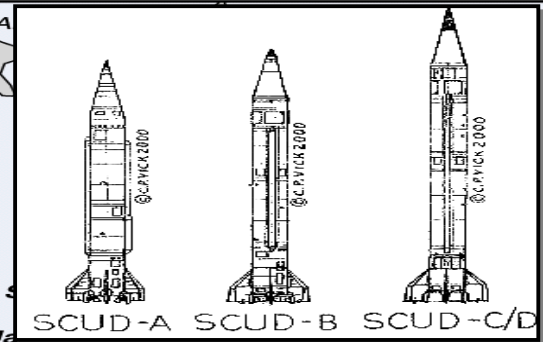
★ AMVETS ★

Estimated Ranges of Current and Potential North Korean Ballistic Missiles

33



TAEPO DONG



Boundary representations are not necessarily authoritative.

NORTH KOREA		
Current Missile Delivery System	Range (km)	Source
— SCUD B	300	Domestic Production
- - SCUD C	500	Domestic Production
Potential Missile Delivery System	Range (km)	Potential Source
No Dong	1,000	Domestic Production
Taepo Dong 1	More than 1,500	Domestic Production
Taepo Dong 2	4,000–6,000	Domestic Production

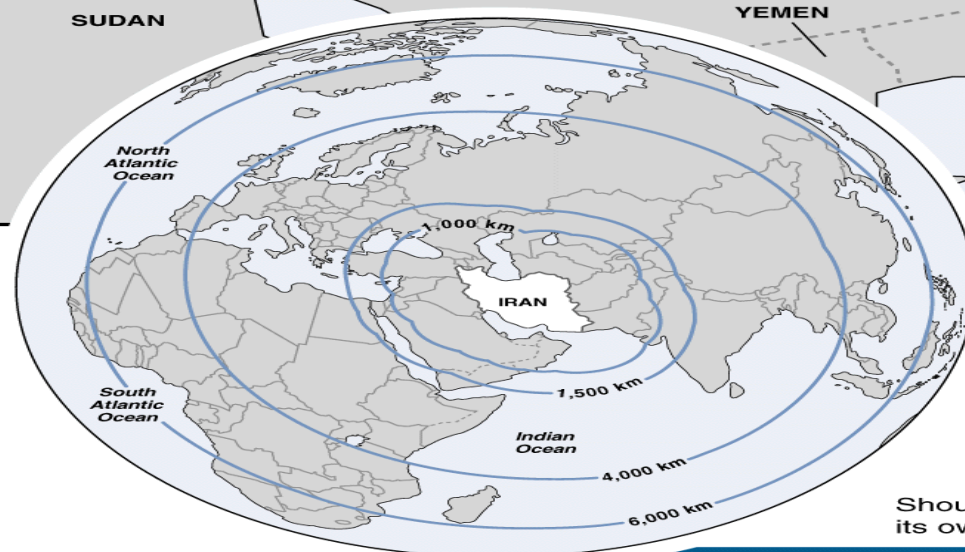
When North Korea's longer range missiles become operational, they will be able to threaten Japan and areas well beyond the region.

Estimated Ranges of Current and Potential Iranian Ballistic Missiles

34

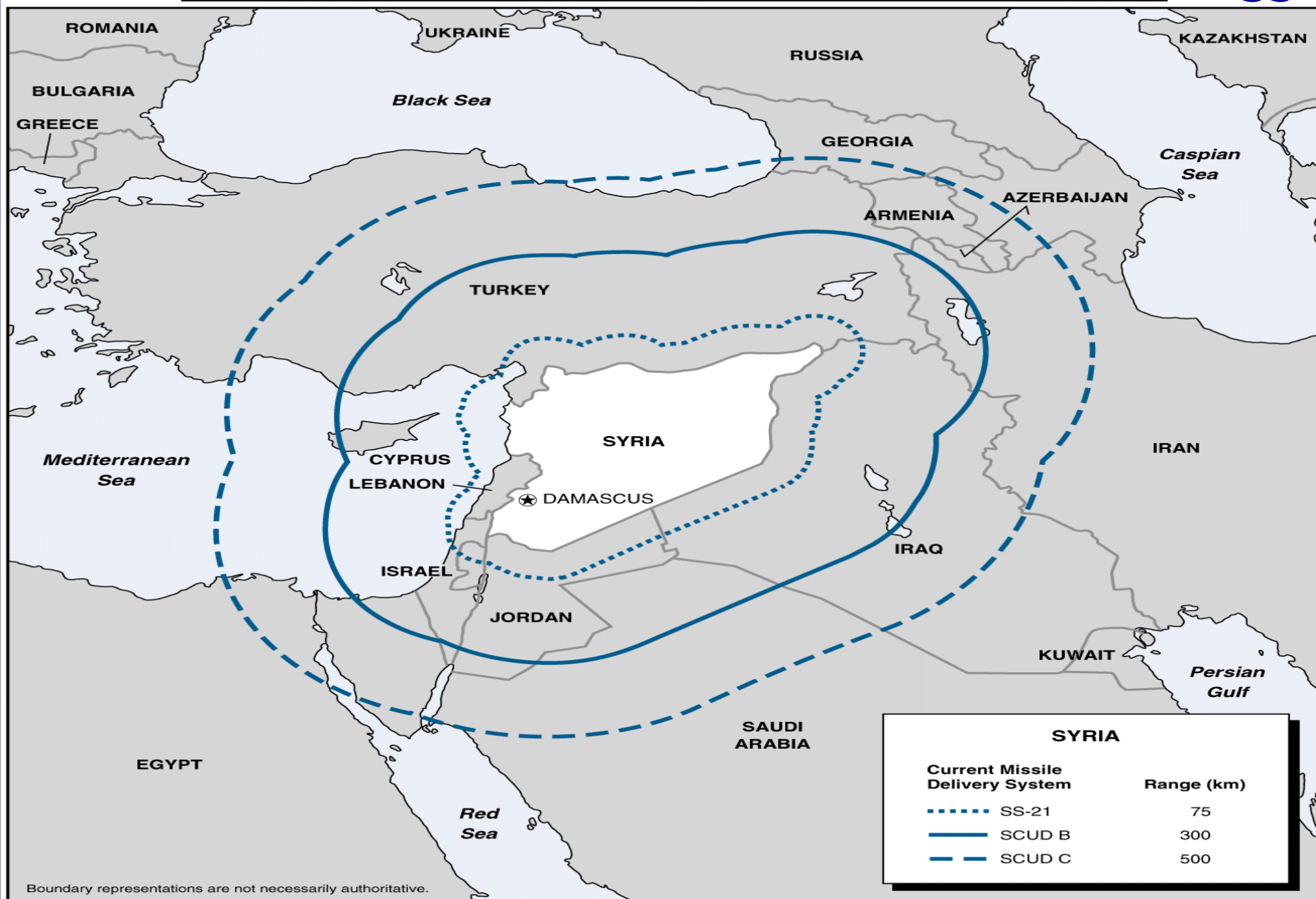


SHAHAB 3

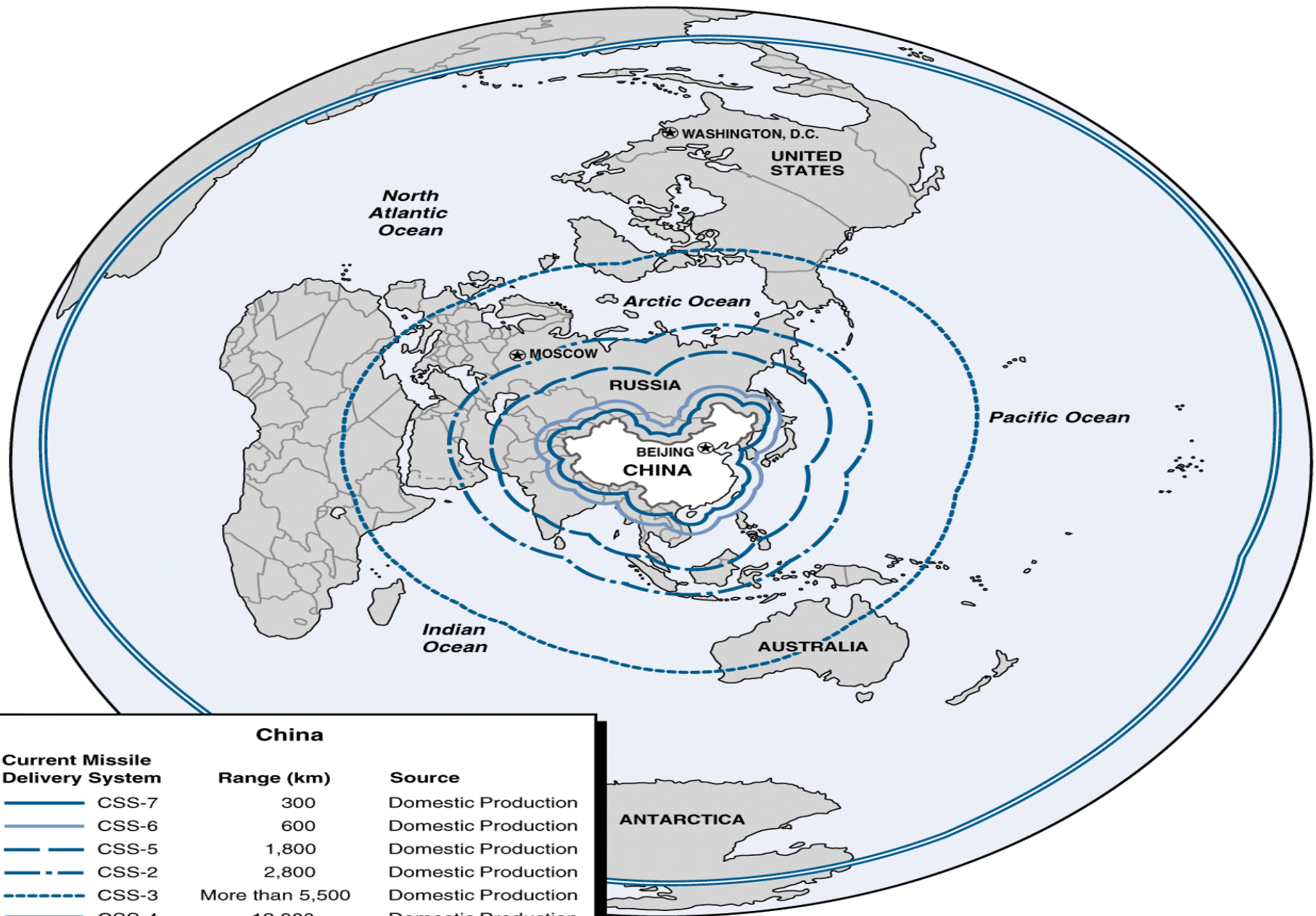


IRAN		
Current Missile Delivery System	Range (km)	Source
..... CSS-8	150	China
———— SCUD B	300	Libya; North Korea
- - - - - SCUD C	500	North Korea
Potential Missile Delivery System	Range (km)	Potential Source
No Dong	1,000	North Korea
Taepo Dong 1	More than 1,500	North Korea
Taepo Dong 2	4,000–6,000	North Korea

Should Iran receive long range missiles from North Korea, or develop its own, it could threaten a much wider area.





Syria's missiles allow it to threaten all of Israel.



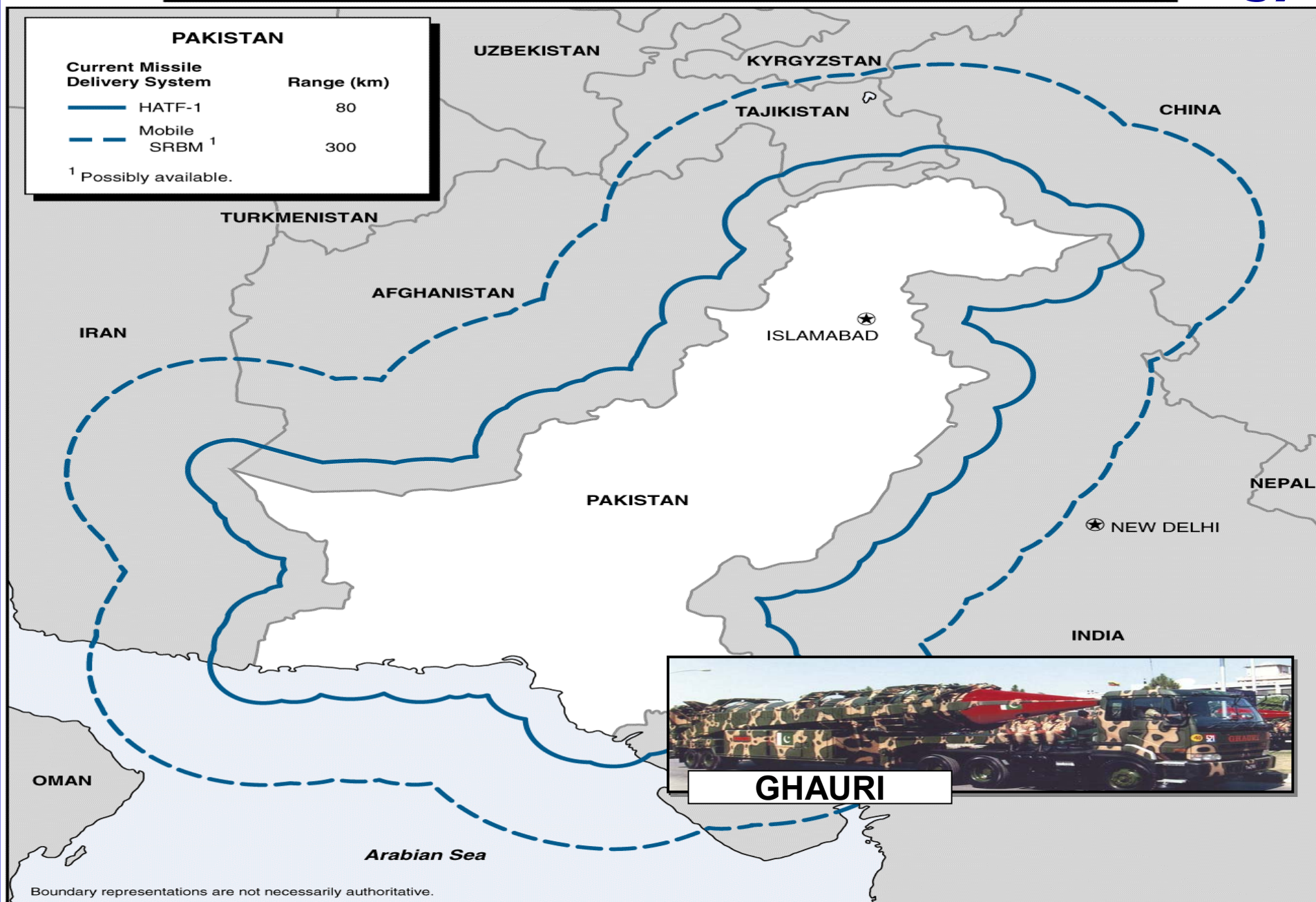
PAKISTAN

Current Missile Delivery System

Range (km)

 HATF-1	80
 Mobile SRBM ¹	300

¹ Possibly available.



GHAURI

Boundary representations are not necessarily authoritative.

Pakistan has received Chinese technology and other assistance for its ballistic missile program.

National Defense*

38

(Function 050)

Total Spending

(Billions of Dollars of Budget Authority)

Fiscal year 2001 regular appropriation	306
Fiscal year 2002 supplemental (June 2001)	6
Fiscal year 2001 supplemental (September 2001)	14
<i>Total fiscal year 2001 appropriation</i>	326

Fiscal year 2002 request (February 2001)	326
Fiscal year 2002 Budget Amendment (June 2001)	18
Fiscal year 2002 supplemental (December 2001)	4
<i>Total fiscal year 2002 appropriation</i>	348

Fiscal year 2003 President's request (Same as <i>House Budget Markup</i>)	384
Emergency Reserve Fund request (Same as <i>House Budget Markup</i>)	10
<i>Total fiscal year 2003 President's request</i> (Same as <i>House Budget Markup</i>)	394

*More than 95 percent of funds go to DOD. The rest funds the atomic energy defense activities Of DOE, and other defense-related activities.

Note: The administration's accrual proposal has been removed from these numbers.